PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1085. By Mr. BECK: Resolution of the Philadelphia Board of Trade, protesting against recognition of Soviet Russia by the United States; to the Committee on Foreign Affairs.

1086. By Mr. BOILEAU: Petition signed by members of the Congregational Beth Israel, Stevens Point, Wis., protesting against the treatment of the Jews in Germany; to the Committee on Foreign Affairs.

1087. By Mr. BRENNAN: Memorial of the State of Illinois, memorializing Congress to retain the veterans' hospital at Dwight, Ill.; to the Committee on World War Veterans' Legislation.

1088. By Mr. DURGAN of Indiana: Petition of Jewish residents of La Fayette, Ind., and vicinity, protesting against the treatment given the Jewish people in Germany; to the Committee on Foreign Affairs.

1089. By Mr. LESINSKI: Petition of combined young Jewish organizations of Detroit, demanding the United States Government to exercise its diplomatic powers to bring about a cessation of persecution of the Jews in Russia, so that the degrading action of the Hitler government in Germany be terminated; to the Committee on Foreign Affairs.

1090. Also, petition of the Detroit Jewish community, requesting United States governmental influence in demanding that the outrages in Germany against the Jews be stopped; to the Committee on Foreign Relations.

1091. By Mr. MILLARD: Resolution that the Westchester County District Council of Carpenters go on record as being in favor of the 6-hour day; to the Committee on Labor.

1092. Also, petition of the Building Material Men's Association of Westchester County in the State of New York, addressed to the Congress and the legal authorities of the Government, to amend existing laws and so interpret the existing laws as to restore business to a stable structure; to the Committee on Ways and Means.

1093. By Mrs. ROGERS of Massachusetts: Petition of the Massachusetts State Senate, petitioning for the continuance of the United States naval hospital and the United States marine hospital at Chelsea, Mass.; to the Committee on Naval Affairs.

1094. Also, petition of the United Federal Civil Service Workers at Boston, Mass., asking for relief for the Government employees receiving low salaries on account of the 15-percent reduction in their salaries; to the Committee on Appropriations.

1095. By Mr. RUDD: Petition of New York Board of Trade, Inc., New York City, favoring certain amendments to the Black bill, S. 158, 30-hour week; to the Committee on Labor.

1096. Also, petition of the Pennsylvania State Hotel Association, Philadelphia, Pa., favoring the passage of the Clyde M. Kelly bill, H.R. 5157, appropriating $300,000,000 for Federal highway construction; to the Committee on Ways and Means.

1097. Also, petition of the New York Board of Trade, Inc., New York City, opposing the St. Lawrence waterway ratification; to the Committee on Interstate and Foreign Commerce.

SENATE

FRIDAY, MAY 19, 1933

(Legislative day of Monday, May 15, 1933)

The Senate, sitting as a court for the trial of articles of impeachment against Harold Louderback, judge of the United States District Court for the Northern District of California, met at 10 o'clock a.m., on the expiration of the recess.

The managers on the part of the House of Representatives appeared in the seats provided for them.

The respondent, Harold Louderback, with his counsel, Walter H. Linforth, Esq., and James M. Hanley, Esq., appeared in the seats assigned to them.

PROCLAMATION

The VICE PRESIDENT. The Sergeant at Arms will proclaim the court in session.

The Sergeant at Arms made the usual proclamation.

THE JOURNAL

On motion of Mr. ASHURST, and by unanimous consent, the reading of the Journal of the Senate sitting as a Court of Impeachment for the calendar day of May 18 was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. ASHURST. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	Keyes	Patterson
Austin	Dickinson	King	Pope
Bachman	Duffy	Lewis	Robinson, Ark.
Barbour	Fess	Logan	Robinson, Ind.
Bratton	Frazier	McCarran	Sheppard
Brown	Hale	McGill	Thomas, Utah
Bulow	Hayden	Murphy	Trammell
Caraway	Kean	Neely	Vandenberg
Carey	Kendrick	Norris	Walsh

Mr. LEWIS. I wish to announce that the Senator from South Carolina [Mr. BYRNES] and the Senator from New York [Mr. COPELAND] are necessarily detained from the Senate.

I desire further to announce that the senior Senator from Georgia [Mr. GEORGE] and the junior Senator from Georgia [Mr. RUSSELL] are absent in attendance on the funeral of the late Representative Brand, of Georgia.

I wish also to announce that the Senator from North Carolina [Mr. REYNOLDS] is detained from the Senate on account of illness. I desire these announcements to stand for the day.

The VICE PRESIDENT. Thirty-six Senators have answered to their names. A quorum is not present. The clerk will call the names of the absent Senators.

The legislative clerk called the names of the absent Senators, and Mr. HATFIELD answered to his name when called.

Mr. BLACK, Mr. BANKHEAD, Mr. NYE, Mr. ADAMS, and Mr. VAN NUYS entered the Chamber and answered to their names.

The VICE PRESIDENT. Forty-two Senators have answered to their names. A quorum is not present.

Mr. ASHURST. I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The VICE PRESIDENT. The Sergeant at Arms will carry out the order of the Senate.

After a little delay Mr. STEPHENS, Mr. METCALF, Mr. MCKELLAR, Mr. STEIWER, Mr. WHITE, Mr. BYRD, Mr. CAPPER, Mr. CLARK, Mr. COOLIDGE, Mr. COUZENS, Mr. HEBERT, Mr. BAILEY, Mr. BARKLEY, Mr. BONE, Mr. BULKLEY, Mr. CONNALLY, Mr. COSTIGAN, Mr. CUTTING, Mr. DILL, Mr. ERICKSON, Mr. FLETCHER, Mr. GLASS, Mr. GOLDSBOROUGH, Mr. HARRISON, Mr. HASTINGS, Mr. LA FOLLETTE, Mr. LEWIS, Mr. LONG, Mr. MCADOO, Mr. MCNARY, Mr. PITTMAN, Mr. REED, Mr. SCHALL, Mr. SHIPSTEAD, Mr. SMITH, Mr. THOMAS of Oklahoma, Mr. TOWNSEND, Mr. TYDINGS, Mr. WAGNER, Mr. WALCOTT, and Mr. WHEELER entered the Chamber and answered to their names.

The VICE PRESIDENT. Eighty-three Senators have answered to their names. A quorum is present.

DEATH OF THEODORE F. SHUEY

Mr. ROBINSON of Arkansas. Mr. President, I ask that the Senate, sitting as a court, suspend its proceedings for a brief time in order that tribute may be paid to the memory of a faithful official of the Senate who has passed away.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the proceedings of the Senate, sitting as a Court of Impeachment, will be temporarily suspended.

Mr. ROBINSON of Arkansas. Mr. President, last night near the hour of midnight, I think, at 11:40, Mr. Theodore F. Shuey departed this life.

On the 9th of April, when his services were interrupted, he had faithfully and diligently performed his duties as

Official Reporter for this body for a period of 65 years without absence for a single day. I doubt if in the history of this country there is a comparable record to that which was made by Mr. Shuey. His record is remarkable not alone for long service but for notable and exceptional efficiency. Every Senator who hears me will recall his diligence, his accuracy, his promptness in recording and transcribing the proceedings of the Senate.

To diligence, promptness, and efficiency he added a measure of good will and of cheerfulness which won for him the admiration and the affection of all with whom he served. During the 65 years of his labors here Senators came and went; revolutions occurred, bringing great changes not only to the institutions of other countries but also influencing those of our own beloved land.

It is fitting and appropriate that reference should be made in this presence and that public note should be taken by the Senate of the passing of this faithful, just man.

Mr. VANDENBERG. Mr. President, throughout my term in the Senate I have been under the constant inspiration of contact with the late Mr. Shuey, to whom the Senator from Arkansas has so notably referred. I recall that only a few weeks ago it was my pleasure to rise in the Senate and refer to the fact that in no other life within our purview did the gulf stream of youth run so warm and so strong in the Arctic circle of the years. The gulf stream now is the gulf stream of his memory, but it will always be as warm in death as it was in life. Our affections and our respect and our veneration for Mr. Shuey will respond to the roll call of his memory even though he no longer responds to the roll call of our service. Public service never had a more capable and faithful trustee. The Senate never could have greater loyalty and competence and character in those who labor with it for the national welfare.

Mr. FESS. Mr. President, if appreciation for service rendered, if gratitude for the courtesies shown, if loving affection of his associates, which covered almost every Senator's activities in his official life for two generations, are bases for happiness, surely Mr. Shuey should now be a happy man.

PORTER J. M'CUMBER

Mr. FRAZIER. Mr. President, I wish to announce that former Senator Porter J. McCumber, of North Dakota, passed away last night. Those who have been Members of the Senate for some years will remember Senator McCumber very well. He was an able statesman and served with a great deal of ability for a period of 24 years. He was chairman of the powerful Finance Committee for several years, and was the author of important legislation.

I wish to say that the funeral will take place at his residence here in the city tomorrow afternoon at 2 o'clock.

RESUMPTION OF IMPEACHMENT TRIAL

The Senate, sitting as a Court of Impeachment, resumed its session.

The VICE PRESIDENT. Are counsel for the respondent ready to proceed?

Mr. LINFORTH. Mr. President, we should like to recall the witness, Mr. Zolinsky, for information requested by a Senator.

The VICE PRESIDENT. The witness will be recalled. The Chair appoints the Senator from West Virginia [Mr. NEELY] to preside for the day.

(Thereupon Mr. NEELY took the chair as Presiding Officer for the day.)

EXAMINATION OF JOHN H. ZOLINSKY—CONTINUED

John H. Zolinsky, having been previously sworn, was recalled, and testified as follows:

By Mr. LINFORTH:

Q. Mr. Zolinsky, you were requested yesterday to obtain the items of the amount referred to by you of $17,000 miscellaneous expenses. Have you since the recess last evening examined the book for the purpose of ascertaining the details of that amount?—A. I have.

Q. Will you please state the amounts in detail which make up the total of seventeen-odd thousand dollars referred to by you yesterday?—A. There was paid to the firm of attorneys Thelen & Marrin the sum of $4,375; to the firm of DeLancey Smith & Brown, $4,375; to the firm of Murray, Holderman & Lockwood, $1,000. These amounts I gave yesterday.

There was also paid for the court filing fees, court reporters' fees, notarial services, and for certified copies of reports $808.77. There was paid to the appraiser who appraised the firm's assets $175. There was paid for stationery, printing, publication of notices, mailing of claims, photostatic copies of the report $1,550.01. There was paid for rent of bookkeeping and calculating machines and other office appliances $253.45.

There was paid for rent of safe-deposit boxes $52.50.

There was also paid an additional amount of $185.33 to the firm of Thelen & Marrin for expenses incidental to the filing of the applications, filing fees, and bonds.

Paid to Ernest Williams, United States commissioner, San Francisco, who acted as master in some of the cases with customers, $125.

Paid for postage, $126.48.

Paid for taxes, $60.62.

Paid for telephone and telegraph, $1,024.55.

Paid as trustee fees to a trust company in New York, which was holding securities, $222.18.

Paid for insurance on receiver's bonds on securities, fidelity bonds, and so forth, $2,574.43.

This totals $17,120.47.

Q. That is the total that you referred to yesterday?—A. Yes, sir. We called that "legal and other expenses" yesterday.

Q. And where you referred to amounts paid for filing fees, telephone, and the like, does that cover the period of the receivership?—A. Yes; it does.

Q. The entire period since the appointment of the receiver in March, 1930?—A. Yes, sir.

Mr. LINFORTH. I think that is all.

The WITNESS. Pardon me. There is one more expense—miscellaneous office expense, $212.15.

Q. Those amounts make the total you gave me?—A. Those amounts make the total.

The PRESIDING OFFICER. Is there any cross-examination?

Mr. Manager SUMNERS. We have no questions.

The PRESIDING OFFICER. The witness will stand aside. Call the next witness.

Mr. LINFORTH. We ask that the witness Herbert Erskine, partly examined yesterday, resume his testimony.

The PRESIDING OFFICER. Please recall Mr. Erskine.

EXAMINATION OF HERBERT W. ERSKINE—RESUMED

Herbert W. Erskine, having been previously sworn, was recalled.

By Mr. LINFORTH:

Q. Mr. Erskine, are you familiar with the application that was filed for compensation for the attorneys for the receiver?—A. Yes.

Q. I hand you a document and ask you if this is the application?—A. That is it.

Q. Annexed to the application is a detailed statement of the services rendered. Is that correct?—A. Yes; with the exception of the time that I spent on it. That is not in there at all.

Q. This detailed statement embraces 114 pages, does it not?—A. Yes.

Mr. LINFORTH. We offer this application as an exhibit in connection with the testimony of the witness.

The PRESIDING OFFICER. It will be admitted.

(The document was marked "U.S.S. Exhibit C.")

Mr. Manager SUMNERS. Mr. President, may I suggest to counsel for the respondent that the instrument to which he refers has already been printed as an exhibit, as I understand, in connection with the investigation made in San Francisco.

Mr. LINFORTH. And for that reason there will be no need of having it printed in today's proceedings.

Mr. Manager SUMNERS. There is no objection to the admission of the document.

The PRESIDING OFFICER. The document will be admitted, but not again printed in the record.

Mr. KING. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KING. I may transcend the rule: Would it be possible for members of the court to be furnished with copies of the document which Judge SUMNERS stated is printed in the record?

The PRESIDING OFFICER. The Chair is not informed as to that.

Mr. Manager SUMNERS. Mr. President, if I may have the privilege of answering the interrogation propounded to the Chair, there are enough copies already printed to furnish a copy to each of the Senators. They may be had from the room of the Committee on the Judiciary. If it is agreeable to the Chair and Members of the Senate, I will undertake to have enough copies brought to the Senate Chamber for the use of such Senators as may want them.

Mr. McKELLAR. Mr. President, I hope that course will be pursued. I should like to have a copy of the document.

The PRESIDING OFFICER. The documents will be supplied in pursuance of the statement just made by Judge SUMNERS.

By Mr. LINFORTH:

Q. Mr. Erskine, are you familiar with the petition or application filed on behalf of the receiver for compensation?—A. Yes.

Q. I hand you a document consisting of 62 typewritten pages and ask you if this is that document.—A. Yes, sir.

Mr. LINFORTH. We offer this document as an exhibit in connection with the testimony of the witness; and we ask the honorable manager on the part of the House, Mr. SUMNERS, if that has also been printed in the record that he has referred to.

Mr. Manager SUMNERS. Mr. President, it is my understanding that it has also been printed in the record to which reference has been made.

Mr. LINFORTH. And that copies of that may be also furnished to the Senate?

Mr. Manager SUMNERS. If I may say so for the information of the Senate and counsel for the respondent, we have just sent for 100 copies of the entire record in which this document and the preceding document have been included. They will be in the office of the Sergeant at Arms within an hour from this time.

Mr. LINFORTH. With that understanding, we state, so far as the respondent is concerned, that there is no need of printing this document in the record.

The PRESIDING OFFICER. This document also will be received, but not again printed.

(The document was marked "U.S.S. Exhibit D:")

By Mr. LINFORTH:

Q. Mr. Erskine, when the application for attorney fees and the application for the fees of the receiver came on to be heard, were you in court presenting the application?—A. Yes.

Q. Can you state from recollection on what day or days those applications were on hearing?—A. As I recollect, on Saturday, Monday, and Tuesday, in the middle of March of 1931. I could not give you the exact dates.

Q. Do you remember what proceedings were had and taken upon the hearing of those applications?—A. Yes; generally.

Q. Was evidence taken as to the value of the services of the receiver and the attorneys?—A. Yes.

Mr. Manager SUMNERS. Mr. President, the managers recognize the right, perhaps, to interpose objections to the testimony of this witness to that which is contained in a document; but we waive that right. We do not insist upon the right, but at this point we want to indicate our waiver, and ask the privilege of pursuing the same character of examination in order to avoid an unnecessary consumption of time.

The PRESIDING OFFICER. Does the manager on the part of the House mean that the testimony that is now being taken already appears in the record?

Mr. Manager SUMNERS. It is a matter of documentary proof.

The PRESIDING OFFICER. Why repeat the evidence?

Mr. LINFORTH. Mr. President, it is my understanding that this testimony is not in the record, and I am now laying the foundation for its admission.

Mr. Manager SUMNERS. We do not insist upon the point one way or the other. We have no objection to this character of testimony, but are simply asking the privilege of pursuing it ourselves. I say very candidly to the Chair and to counsel for the respondent that I think it is a good thing to do with regard to these voluminous records.

The PRESIDING OFFICER. If the evidence is not in the record, the counsel will proceed. If it is, of course, the Chair assumes that the court does not want it repeated.

Mr. LINFORTH. It is my understanding, Mr. President, that the testimony is not in the record; and it is my purpose at this time to have the witness briefly indicate the record, and then we will offer the record.

The PRESIDING OFFICER. Proceed.

By Mr. LINFORTH:

Q. Mr. Erskine, what witnesses were examined upon that hearing in regard to the question of attorneys' fees?—A. On behalf of the attorneys for the receiver, Mr. John L. McNab, Mr. Albert Rosenshine, Mr. Henry Jacobs, and Mr. Milton Newmark.

Q. In addition to that, was testimony given or were statements made by yourself and your associate and Mr. Short with reference to the services rendered?—A. My brother, Morse Erskine, made a statement with respect to the services our firm and Mr. Short had performed.

Q. Do you recall at this time what value John L. McNab placed upon the services of the attorneys?—A. My recollection is $75,000.

Q. Do you recollect at this time what value was placed upon the services of the attorneys by Mr. Rosenshine?—A. $65,000.

Q. Do you recollect what value was placed upon the services of the attorneys by Mr. Jacobs?—A. My recollection is between $55,000 and $60,000.

Q. Do you recollect what value was placed upon the services of the attorneys by Mr. Ehrmann, called as a witness in opposition to the application?—A. My recollection is $25,000.

Q. Did anyone called upon the hearing testify as to the amount of service so far as the receiver was concerned?—A. The amount of service?

Q. Did anyone fix an amount in testifying as to the value of the services of the receiver?—A. Mr. Newmark did.

Q. What value did Mr. Newmark fix on the services of the receiver?—A. I have not that in mind, Mr. Linforth.

Q. Will you state in a few words whether or not Mr. Newmark made a speciality of any branch of the legal business?—A. Mr. Newmark I have known for many years. He was formerly with Mr. Mansfield, who when I was admitted to practice was the leading bankruptcy lawyer on the Pacific coast. Mr. Newmark since Mr. Mansfield's death has continued on in the same line of practice, and has been in the bankruptcy practice on the Pacific coast practically all of his professional career.

Q. Is he considered an expert in that locality on that subject?—A. There is no question about it.

Q. Who was the attorney who led the opposition as to the allowance of attorney fees?—A. Mr. Scampini.

Q. Whom did he represent upon the hearing of the application?—A. He represented four creditors, one of them—I believe his name was Dr. Isnardi—the largest general creditor.

Q. After the matter had been on hearing for 2 days, did you have a conference with Mr. Scampini on the question of agreeing on the amount of attorney fees?—A. I did.

Q. When and where did you have that conversation with Mr. Scampini?—A. Mr. Scampini came to my office the morning of the third day, around noontime.

Q. Was that due to any appointment or suggestion on your part?—A. No. He called me up and asked if he could

come over to see me. I made the appointment, and he came to see me at 12 o'clock, approximately.

Q. Was that about 12 o'clock of the day on which the hearing was to continue at 1 o'clock?—A. Yes.

Q. Briefly, what did he say to you on that subject?—A. He said that he and the attorneys for the other creditors and the creditors had been discussing the matter; they had listened to the testimony for 2 days, and had an opportunity to go through the records and form a better judgment as to the nature and character and amount of services performed, and that they had concluded that the services were worth more than they had originally estimated, and that they would suggest that the matter be concluded, if it could be, for $75,000, to cover the services of all of the attorneys—that is, for the receiver, for the plaintiff, and for the defendant and of the receiver—rendered up to that time, in addition to the amounts that had already been paid the receiver.

Q. Up to that time——

Mr. Manager SUMNERS. Just a moment. Mr. President, it is recognized that the testimony just given is hearsay testimony, and it probably should be excluded, under the ordinary rules governing the admission of testimony, under the circumstances; but we are not going to ask that that testimony be stricken out, because we think that the men who constitute this court are quite capable of accepting and analyzing the testimony that is being admitted.

Mr. LINFORTH. Mr. President, the object of the testimony——

The PRESIDING OFFICER. There is no objection. It is not necessary to reply. Proceed.

Q. (By Mr. LINFORTH.) Had any compensation been allowed to the attorneys up to that time?—A. None.

Q. Had any compensation been allowed and received by the receiver up to that time?—A. I believe it had.

Q. Can you state what amount?—A. I cannot, Mr. Linforth, exactly.

Q. What reply, if any, did you make to the suggestion of compromise of Mr. Scampini?—A. I told him that we would endeavor before 1 o'clock to get in touch with the receiver, and also with the attorneys for the plaintiff and the defendant, to discuss the matter and see what could be done.

Q. Did you state when or where you would see him?—A. I stated that we would meet him at court at 1 o'clock, or shortly before 1 o'clock.

Q. At the courthouse, at the time you stated, was there any further discussion on that subject?—A. Yes.

Q. With whom was the discussion?—A. The discussion was had with three groups, Mr. Hunter and my brother and Mr. Short in one group, and Mr. Scampini and Mr. Shearer and his clients in another, and Mr. Thelen and Mr. De Lancey Smith in another.

Q. What discussion did you have with Mr. Thelen and Mr. Smith at the courthouse on that occasion on that subject?—A. Mr. Thelen, Mr. Smith, and I went into a room to the left of the court-room door, and I told them about Mr. Scampini's suggestion and discussed the division of the amount between the receiver, ourselves, and the attorneys for the plaintiff and the defendant.

Q. What did they say with reference to that proposition?—A. Well, there was some discussion about how much they should receive, and they first, as I recollect it, desired $10,000 out of the amount. I took that matter up then, acting as intermediary, with my brother and Mr. Hunter and Mr. Short, and after discussion came back and said that that was not acceptable; and then we finally arrived at a proposition that they were to get $8,750 out of the amount, and in the event any further fees were allowed to us they were to receive 20 percent of those allowances until they had received $2,500 more. They said that was satisfactory. I went back to my brother and Mr. Short and Mr. Hunter, discussed it, and they finally said that was satisfactory to them, and then we told Mr. Scampini that we felt we had been able to meet his terms, and then we all went into the court.

Q. While talking to Messrs. Thelen and Smith, was it finally agreed as to what amount the attorneys for the receiver should receive out of this sum of $75,000?—A. Yes. It was stated that the fees would be divided, as I recollect, forty thousand and odd to ourselves, twenty thousand to the receiver, and eight thousand seven hundred and fifty to them.

Q. What did they say as to whether or not that was agreeable to them?—A. They stated that it was agreeable to them, and I went back and told my brother and Short and Hunter that it was agreeable to Mr. Smith and Mr. Thelen, and also notified Scampini we had been able to meet his terms, and we went into the court, all of us.

Q. What time on that day did you people come to an agreement with reference to the amount of fees?—A. Approximately 1:30.

Q. Was anything done on that occasion with reference to advising the court that you people were discussing a possible adjustment or settlement of your differences?—A. It is my recollection that either Mr. Scampini or Mr. Short asked the crier or the bailiff to advise the judge that we would like to have the matter continued while we were discussing the matter.

Q. Was that done until after you people had reached that understanding?—A. That was done until after our conclusion had been reached.

Q. About what hour was it that the proceeding was resumed in court?—A. I should say about 1:30.

Q. When the proceeding was resumed in court, what took place?—A. It is my recollection——

Mr. Manager SUMNERS. Mr. President, we believe that at this point we should insist that the record is the best evidence and ought to disclose what did take place. We have been very liberal, but we believe that from this point on the record should be depended on.

Mr. LINFORTH. May I add, Mr. President, that we differ with the learned manager? The reporter's transcript would not be the best evidence. The recollection of the witness is competent evidence, and also, of course, the reporter's transcript is competent evidence. My thought and purpose was to briefly bring out from the witness generally what took place in court in order to save reading to the Senators in this trial the proceedings that were had at that time, but it is my purpose to offer in the record the reporter's transcript of what took place at the time, but on account of it being somewhat lengthy I thought perhaps the matter might be shortened and the time of the Senators saved by not reading it at this time.

The PRESIDING OFFICER. Is the evidence counsel is adducing already in the record that is before the Senate?

Mr. LINFORTH. It is not, Mr. President.

Mr. Manager SUMNERS. May I suggest to counsel for the respondent, and to you, Mr. President, that the testimony to which counsel is evidently directing his questions, while not before the Senate, is incorporated in the printed record to which reference has been made two or three times this morning and which is to be supplied to Senators for their examination? I assume that counsel also has a transcription of that record.

Mr. LINFORTH. I have a certified transcription of the record, and if the learned manager for the House prefers that that should be read at this time instead of the witness being interrogated on that subject, we have no objection to following that course.

Mr. Manager SUMNERS. Mr. President, we have waived all insistence for a few moments, with the hope that counsel for respondent will be able soon to terminate his oral examination of this witness with regard to what is contained in the record, and for the moment we waive the objection.

Mr. LINFORTH. In reply, we will be very brief.

The PRESIDING OFFICER. Proceed.

Mr. LINFORTH. Have you a question, Mr. Reporter?

The reporter read as follows:

Q. When the proceeding was resumed in court, what took place?

The WITNESS. Mr. Scampini, the attorney for the creditors, stated to the court the arrangement that had been

arrived at. Thereupon my brother, Morse Erskine, as I recollect it, supplemented Mr. Scampini's statement by stating the arrangement about the 20-percent payment of subsequent fees to the attorney for the receiver, which we had agreed to give to Mr. De Lancey Smith and Mr. Thelen. Thereupon the court asked, as I recollect it, if the arrangement that had been made was satisfactory to everybody there. I believe that there were some answers "yes", but nobody said "no", and thereupon a minute order was made for the amounts, as I recollect it, that had been stipulated.

Q. Do you recall whether at that time the court specifically asked either Mr. Smith or Mr. Brown whether the arrangement was satisfactory to them?—A. I have no recollection of Mr. Brown being present. He may have been, and he may not, but I do not really remember him; but I have a recollection that Mr. Smith was asked if it was satisfactory, and he said "Yes."

Q. That is the Mr. Smith who has already been a witness in this proceeding?—A. I do not know whether he has been a witness here or not.

Q. I beg pardon, I was in error in that, and I withdraw that question. Now, Mr. Erskine, do you know Mr. Newmark?—A. Newmark?

Q. Yes, sir.—A. Yes, sir.

Q. He was employed with reference to a bankruptcy proceeding that was commenced after the equity receivership?—A. Yes.

Q. With reference to his compensation, was that paid by the attorneys out of their fees and not out of the Russell-Colvin fees?—A. That is true.

Q. With reference to the fees received by Short and Keyes & Erskine was any part or portion of those fees ever received by the respondent, Judge Louderback?—A. Absolutely no.

Q. Did anyone other than you three ever receive any part or portion of those fees?—A. Nobody.

Q. To your knowledge did W. S. Leake ever receive any part or portion of those fees?—A. No.

Q. Inasmuch as it was for your service, I will not ask you, in your opinion, what was the value of the services. How long have you known Judge Louderback?—A. Casually almost since I was admitted to practice. I knew him when he was associated with the firm of Mastick & Partridge.

Q. And the latter is the gentleman who was afterward judge of the Northern District of California?—A. Yes. Mr. Partridge became Federal judge, either upon the death of Judge Van Fleet or of Judge Dooling, I have forgotten which now.

Q. Have you ever had any close or intimate relations with Judge Louderback?—A. No, none.

Q. What has been the extent of your relationship with Judge Louderback?—A. When he was on the superior court I appeared before him in one or two litigated matters of short duration, and this receivership, so far as I can recollect.

Q. Has your relationship at any time with him been anything more than the ordinary relationship between judge and attorney at the bar?—A. Slighter than that even.

Q. Do you recall in the 8 years that Judge Louderback presided over the superior court of the State of California how often or how infrequently you appeared before him?—A. Only on one occasion, as I recollect; perhaps two.

Q. And during the 5 years that he has occupied the position as judge of the Northern District of California, how frequently have you or your firm appeared before him except in this particular Russell-Colvin case?—A. None at all, so far as I know.

Q. Have you ever been a political friend of Judge Louderback?—A. No.

Q. When he was a candidate for election to the Superior Court of the State of California did you do anything whatever in the way of aiding him politically?—A. Nothing at all.

Q. In the 5 years that Judge Louderback has been judge of the Northern District of California in how many receivership matters has Mr. Short or your firm represented the receiver?—A. This is the only one.

Q. I call your attention to a small matter known as the Sempel-Cooley matter, did your firm appear in that?—A. Yes; that was not a receivership matter; it was a bankruptcy matter.

Q. That was a bankruptcy matter, and do you recall what the compensation was in that case?—A. I think it was $500.

Q. Are these the only two matters in which your firm has appeared or Mr. Short has appeared, to your knowledge, either in bankruptcy receiverships or in equity receiverships during the 13 years that Judge Louderback has been on the superior bench or the Federal bench?—A. Those are the only two.

Q. One further question that I had overlooked: Subsequent to the allowance of the fee of forty-six thousand and odd dollars, was there an additional allowance made to the attorneys for the receiver in the Russell-Colvin matter?—A. Yes; the sum of $5,000.

Q. And out of that sum of $5,000, under the arrangement that you have referred to, was 20 percent of it, or $1,000, sent to the firm of De Lancey Smith & Brown and Thelen & Marrin?—A. A thousand dollars was sent to De Lancey Smith, with a letter, as I recollect it, written by our firm, stating that the thousand dollars was sent to him in accordance with our arrangements.

Q. I hand you a letter dated November 30, 1931. Is that a carbon copy of the letter you have referred to?—A. I believe it is.

Mr. LINFORTH. We offer the letter as a part of the examination of the witness.

Mr. Manager SUMNERS. Let me see that, please.

Mr. LINFORTH. Certainly. Pardon me for not showing it to you.

Mr. Manager SUMNERS. We have no objection.

The PRESIDING OFFICER. The letter will be submitted.

Mr. LINFORTH. The letter being short, Mr. President, I will read it.

U.S.S. EXHIBIT E

NOVEMBER 30, 1913.

DE LANCEY C. SMITH, Esq.,
Attorney at Law, Balfour Building,
San Francisco, Calif.

MY DEAR DE LANCEY: Enclosed is Keyes & Erskine's check for $1,000 in accordance with our understanding whereby you and Mr. Thelen's office would receive one fifth of all compensation paid us as attorneys for the receiver of Russell-Colvin & Co. subsequent to March 17, 1931, not exceeding in all $2,500.

The court on Saturday signed and filed an order directing payment to the receivers of $7,500 for services to October 15, 1931, and to ourselves in the sum of $5,000 to the same date.

Very truly yours,

KEYES & ERSKINE.

By Mr. LINFORTH:

Q. Just one further question, and I am through. How much did your firm and Mr. Short pay Mr. Newmark on account of the services he had rendered in the receivership matter, in round numbers?—A. I think it was $2,460.

Mr. LINFORTH. You may take the witness.

Cross-examination by Mr. Manager SUMNERS:

Q. Mr. Erskine, with regard to the amount of your fee, I believe you said Mr. Rosenshine appeared as a witness. At that time he was attorney in a similar case, was he not?—A. In the Gorman Kayser & Co. case?

Q. In the Gorman Kayser & Co. case.—A. Yes. That is now in the course of administration in the Superior Court of San Francisco and has been ever since that time.

Q. At that time he had not received any fee at all in that case, had he?—A. I cannot tell you.

Q. So far as you know, he had not?—A. I cannot tell you.

Q. Mr. Newmark, I believe you said, testified, that your services were worth $75,000?—A. No.

Q. How much?—A. I did not say he testified for us; I said he testified for the receiver.

Q. Did he testify with regard to your services?—A. No.

Q. He received a fee out of your allowance?—A. Yes; for his services in connection with the bankruptcy phase

of this matter under agreement approved by the attorneys for the plaintiff and the defendant and ourselves.

Q. Why were you willing to allow a part, a percentage, of the allowance that went to you to go to De Lancey Smith and his associates?—A. Because, in order to settle up the matter, clean it up——

Q. What do you mean exactly "in order to settle up the matter and clean it up"?—A. There was a dispute there. They wanted $10,000 for their services, and there was $75,000 to be disposed of, and we felt for our work that we were entitled to more than we were getting, and Mr. Hunter felt that he was entitled to more than he was getting.

Q. How much did you ask for?—A. Sixty-five thousand dollars.

Q. Had De Lancey Smith rendered any service in connection with the administration of this estate?—A. Yes.

Q. What service had he rendered?—A. Well, generally, at the very outset of the matter, Judge Louderback had suggested that the important proceedings be approved both by the attorneys for the plaintiff and by the attorneys for the defendant, and accordingly the important petitions and the important decisions, were sent over to him and to the attorneys for the plaintiff to be approved, and they approved all those petitions. In addition to that, they were helpful in certain negotiations.

Q. What negotiations, if you do not mind specifying?—A. Well, the ones I have in mind—and you will bear in mind that all the details of this matter were handled by Mr. Morse Erskine——

Q. We do not want you to testify about anything that you do not know about.—A. Generally speaking, the particular transaction that I have in mind was the Consolidated Box transaction.

Q. You sold the Box Co., did you not?—A. The receiver did.

Q. Was there a lawsuit about it?—A. No.

Q. Did you not testify yesterday that that was a matter that went into litigation?—A. No.

Q. There was no lawsuit about it?—A. Not that I recollect.

Q. Did Mr. De Lancey Smith have to do with negotiating the sale?—A. Yes; he took part in it.

Q. What were the principal lawsuits in which you represented the estate—you and your firm?—A. I do not believe there were any lawsuits of any magnitude. I think that one of the reasons that the matter was settled with such great dispatch was because we were able——

Q. You avoided lawsuits, did you not?—A. We avoided lawsuits; yes.

Q. Then, as a matter of fact, there were not any lawsuits to speak of, were there?—A. There were some.

Q. Did you go into court with regard to litigation involving the interests of this estate?—A. Myself personally?

Q. Your firm or Mr. Short either?—A. Yes; in some matters.

Q. What were they?—A. Well, in the first place, there were the 21 exceptions to the general report.

Q. Were they litigated?—A. They were referred to a master, and then, at the instance of the general creditors, who said they wanted a speedy disposition of the matter, they were settled.

Q. But you did not litigate it in that suit?—A. No.

Q. That is what I am trying to find out. What else was litigated?—A. There were certain claims before a special master, six or seven of those.

Q. Did they find their way into the courthouse?—A. They were tried before the special master and either settled or decisions made and referred back to the court.

Q. No appeal was taken from the determination by the master of any of those cases, was there?—A. No.

Q. Let us get it clearly before this court. Did you go into the courthouse and litigate before judge or jury matters arising out of this estate, and if so, please indicate that they were.—A. I cannot say that we did. I have a list of the actual litigation, with the exception of the exceptions to the account which were referred to the master, to which I just referred. These matters were all settled practically except the subsequent suits that have been commenced by the collection of customers' accounts.

Q. How recently have those suits been commenced?—A. I think some of them were started—it was not possible to sue those customers for the balance due until after the account had been settled.

Q. What I am trying to get at is this: Were these suits instituted before or after the allowance to which you have referred?—A. These suits possibly were instituted after the allowance.

Q. They, as a matter of fact, have been turned over to a collection agency which operates through its own attorney?—A. Not all of them; no, sir.

Q. But they are in litigation which began since the determination of the account?—A. I believe that is correct.

Q. When did Mr. Short first associate himself with your firm?—A. 1928.

Q. At that time will you indicate to the Senate what constituted your office organization, including those persons who were associated with you as lawyers?—A. Do you mean in 1928?

Q. That is right.—A. We had my brother and myself and Mr. Alexander Keyes, three partners. Then there was Mr. Short, a Mr. John Mace, Mr. Hugo Steinmeyer, and another young lawyer, I believe, Mr. Harrington, I think. In addition to that we had, of course, six or seven stenographers and bookkeepers.

Q. When did Mr. Short go on salary with your firm?—A. When he came there in 1928. I think it was in January 1928; I am not sure.

Q. Is he on salary there now?—A. No.

Q. How long has he been off the salary?—A. I think it was in the beginning of 1932, when the depression got acute.

Q. Yes; we know about the depression. Was there any change with reference to relationship with the other persons who had employees of the firm?—A. Yes; Mr. Mace became attorney for the Pacific State Savings & Loan Society. Mr. Harrington became associated with the firm of Dinkelspiel & Dinkelspiel.

Q. I do not want to go too much into detail.—A. Mr. Steinmeyer became counsel for the Bank of America or one of counsel for the Bank of America in Los Angeles. We took in, shortly after we got this receivership, Charles Joseph Carey into our office—he had been formerly connected with the American Trust Co.—to help us out with the bank work which Mr. Short and my brother had previously performed.

Q. Mr. Short still retained responsibility with regard to your trust matters, did he not?—A. In the bank?

Q. Yes.—A. Some.

Q. Did he not retain primary and major responsibility for handling your trust work in connection with the bank after his employment?—A. I would not put it that way. My brother was the one that was primarily responsible for the trust work at the bank. Mr. Short was under him.

Q. Did Mr. Short continue his relationship with that account in the bank, if I may so put it?—A. I would not say he did. He devoted most of his time or practically all his time, in my opinion, to the receivership proceeding.

Q. You stated, I believe, on yesterday that the arrangement with Mr. Short was that he should come to you with a salary of $200 a month, a division of fees, and that he had also had an independent clientele?—A. Yes.

Q. Did you have any control over that part of his independent clientele with regard to the fees in which you should share?—A. I do not understand the question.

Q. Let me put it another way. With regard to his independent clientele, who determined what his independent clientele was and who determined what should be shared with you?—A. We left that to his own sense of fair dealing.

Q. Did he have a considerable independent clientele?—A. I would not say so. His practice was not as extensive as ours.

Q. You naturally could not afford to furnish stenographers' services and rent and use of library and let a man

have all he made. That we understand, of course. Outside of this receivership, how much was the revenue of your firm on the average derived from the fees that Mr. Short shared with the firm of which you are a member?—A. That would be very hard for me to state.

Q. Do you not have a pretty fair idea?—A. No. Some years it amounted to a considerable sum and some years not so much.

Q. With regard to this particular arrangement under which Mr. Short became the attorney for Mr. Hunter as receiver, the first information you had was on the day after Mr. Hunter had been employed receiver in the case?—A. I believe that is correct; yes.

Q. When was the first time you learned of this receivership?—A. I think that was the first time.

Q. You had no discussion with Mr. Short or anybody else with regard to the fact that the receivership was in contemplation?—A. No; not that I recollect.

Q. Was the first intimation that you had with reference to the possibility of Mr. Short being associated as attorney on the morning after the receiver was appointed?—A. That is my recollection.

Q. He did not tell you that Mr. Short had engaged or sought to engage the firm of Keyes & Erskine, did he, when Mr. Short came to you on the morning after appointment to discuss this matter with you?—A. How is that? He did not tell me that Mr. Short had sought——

Q. Possibly I am confused in the names. Let me ask the question again. Mr. Short, when he saw you in the morning, in the conversation indicated by you, indicated to you that Mr. Hunter had indicated to him, Mr. Short, that it was desired by Mr. Hunter to employ the firm of Keyes & Erskine to represent him in the receivership?—A. Yes; he did. He said Mr. Hunter desired to appoint the firm of Keyes & Erskine or to employ the firm of Keyes & Erskine and Mr. Short in this matter.

Q. You are certain about that?—A. Yes; that is my recollection.

Q. I do not mean to press the matter, but your recollection is, in your judgment, clear on that question?—A. I believe it is; yes.

Q. To refresh your recollection, is not this what Mr. Short told you, that on the evening prior to his conversation with you Mr. Hunter called him up and asked him if Mr. Short would serve in the capacity of attorney in the receivership matter, and that he was consulting with you about it and desired to know whether or not it would be an agreeable engagement with you, and whether or not you would participate in the responsibility of the attorneyship for the receiver? Is not that what he told you?—A. No; my recollection is not that. My recollection is that the morning he came into the office and said Mr. Hunter had suggested that he would like to employ him with us in the matter. That is my recollection.

Q. I believe you stated that your acquaintanceship with Judge Louderback was not more than casual prior to the time you were engaged?—A. That is right.

Q. What was the nature of your acquaintanceship with Mr. Hunter?—A. Mr. Hunter had acted with me in several of the bank consolidations in which I had acted for the United Securities Bank and subsequently for the Bank of America of California. I was then the auditor for the branches, and that brought me into contact with him in connection with those consolidations and mergers. You understand that in consolidating a bank you must go into the question of figures more or less. My brother and I were engaged extensively in that practice in the years 1928 and 1929.

Q. Did your acquaintanceship develop into friendship and intimate acquaintanceship with Mr. Hunter during that time?—A. I would say not, although I was quite friendly with him. In addition to that he and I just shortly previous to this receivership matter had been engaged, while he was an employee of Cavalier's, in a litigation involving a stock-brokerage transaction.

Q. You stated, I believe, on yesterday that you represented Cavalier in certain cases?—A. Yes.

Q. Did they have a particular type or character of those cases? How did it happen to be that those cases came to you rather than going to their regular legal representative?—A. I do not know that they have any legal representative. The cases which were given to me were given to me as a regular employment as attorney which arose in the due course of business, and I was asked to represent them, and I did.

Q. When did Mr. Hunter first speak to you with regard to employing your firm as his representative in this matter?—A. I do not believe he ever directly spoke to me on that subject. He came in the office about the same time and we discussed the matter in a general way on the assumption that we were employed.

Q. Did this case come to you and do you recognize that this case came to you through Mr. Short or came to you through the regular course of employment?—A. I considered that it came to me for two reasons, because of Mr. Short and also because Mr. Hunter had been connected with us in business before that time and almost up to that time.

Q. Was this Mr. Short's business or the firm's business?—A. Joint business.

Q. If it was joint business, how did you happen to get half the fee?—A. That was our arrangement.

Q. I thought you said you got half the fee on business that he originated and you helped him to handle.—A. No; I stated we got half the fees on joint business.

Q. What do you mean by joint business?—A. I mean business that we originated and we participated in, that we took part in, or business that we were jointly employed in.

Q. What do you mean by that?—A. Well, I mean if anybody came and asked Mr. Short and our firm to act together in a matter, we were jointly employed, meaning what the words connote.

Q. In other words, if somebody came into your office and said, "Well, now, Mr. Short, we want to employ you; and Keyes & Erskine, we want to employ you", and you were engaged in that way, then that was joint business?—A. Yes; I consider it so.

Q. Can you indicate a case of that sort outside of this matter? When did it ever occur that anybody came into your office, called Mr. Short in and called you in together, and had a conference and said, "Now, we want to appoint you gentlemen together"?—A. Oh, not in that way; no.

Q. It did not happen in that way, did it?—A. No.

Q. Because he was regarded as a part of your firm organization as far as the outside world understood, was he not?—A. Yes.

Mr. Manager SUMNERS. That is all.

The PRESIDING OFFICER. Is there any further examination?

Mr. LINFORTH. We have no further questions.

The PRESIDING OFFICER. The witness may stand aside. Who is your next witness?

Mr. LINFORTH. Judge Kreft.

EXAMINATION OF ARMAND B. KREFT

Armand B. Kreft, having been duly sworn, was examined and testified as follows:

By Mr. LINFORTH:

Q. Will you please state your name, your residence, and your occupation?—A. Armand B. Kreft; attorney at law, with offices in San Francisco.

Q. How long have you been an attorney at law?—A. I was admitted in 1897.

Q. Were you at any time referee in bankruptcy for the northern district of California?—A. Yes.

Q. And what counties did your appointment include?—A. San Francisco, San Mateo, and Marin.

Q. Are those three of the larger counties in the State of California?—A. They may be termed the "metropolitan district" surrounding San Francisco, with the exception of the county of Alameda, which is also a part of the metropolitan district.

Q. How long did you serve under your appointment as referee in bankruptcy for that district?—A. Eighteen years.

Q. Continuously?—A. Continuously.

Q. From what period to what period?—A. From 1910 to 1928.

Q. As such referee, was it part of your duty to fix the fees of receivers and trustees and their attorneys?—A. It was.

Q. During your 18 years of service, had you before you on a few or many occasions proceedings relating to the liquidation of stock-brokerage concerns?—A. Several of such cases.

Q. Since 1928, when you ceased to be referee in bankruptcy, what has been your business or occupation?—A. Attorney at law specializing in liquidation matters.

Q. Have you, since you have been practicing, been appointed referee in any stock-brokerage litigation?—A. I am at present referee in the case of Gorman Keyser & Co., under appointment by the Superior Court of San Francisco.

Q. In a word, can you tell the President and the Senators the size or the extent of that liquidation?—A. It is comparable to Russell-Colvin. Customers' securities of approximately $2,000,000 were involved.

Q. From what court did you receive your appointment as referee in that matter?—A. From the superior court, Judge Goodell.

Q. That is the Superior Court of the State of California in and for San Francisco County?—A. Yes.

Q. Are you familiar with the work generally required of receivers and their attorneys in liquidation of stock-brokerage concerns?

Mr. Manager LEWIS. Mr. President, the managers desire to ask what the purpose of this inquiry is. It seems to me we are going far afield.

Mr. LINFORTH. The purpose is to qualify the witness to form and express an opinion as to the value of the services rendered by the attorneys in the Russell-Colvin matter.

Mr. Manager LEWIS. Mr. President, in this proceeding we are not determining the propriety—the extent of these fees. That only comes in collaterally here. I think the time should not be taken to determine whether or not these fees were absolutely correct. Admittedly they were very large. We object to this testimony. We charge that the fees were excessive, but I think it is not necessary to go into expert testimony here on the subject. The record shows what has been charged.

The PRESIDING OFFICER. Is it material to prove or disprove that the fees were excessive?

Mr. Manager LEWIS. We have charged it; yes.

The PRESIDING OFFICER. Then it seems to the Chair that this is material testimony.

Mr. LINFORTH. May I add just a word further, Mr. President?

The PRESIDING OFFICER. The objection is overruled. Proceed. Counsel will be as brief as consistent with the performance of their duties.

Mr. LINFORTH. We will, Mr. President.

The WITNESS. May the question be read?

The PRESIDING OFFICER. The question will be read.

The Official Reporter read the question, as follows:

Q. Are you familiar with the work generally required of receivers and their attorneys in liquidation of stock-brokerage concerns?

The WITNESS. I am.

By Mr. LINFORTH:

Q. And with the law governing such matters?—A. I am.

Q. Did you represent any parties in interest in the Russell-Colvin litigation?—A. I did.

Q. And who were they—creditors?—A. They were customers.

Q. Do you know in a general way the services rendered by Mr. Hunter, the receiver, and by Keyes & Erskine and John Douglas Short, his attorneys?—A. Yes.

Q. Were you present in court when the application for fees came on for hearing?—A. I was.

Q. Did you hear the statements that were made at that time, and the testimony given at that time, as to the services rendered?—A. I did.

Mr. Manager SUMNERS. Mr. President, the testimony in this case shows that the fees arrived at in this case were arrived at as a matter of compromise, though, of course, some witnesses testified that they did object to the fees, but they regarded these fees as the best fees that could be arrived at under the circumstances. Is not that true?

Mr. LINFORTH. It is alleged in the articles, Mr. President, that the fees were excessive and that they were allowed for bad and improper purposes. It is our purpose to show not only that the fees were allowed under stipulation——

Mr. Manager SUMNERS. We waive the objection.

The PRESIDING OFFICER. The objection is waived. Counsel will proceed.

Mr. LINFORTH. May the question be read?

The Official Reporter read as follows:

Q. Did you hear the statements that were made at that time, and the testimony given at that time, as to the services rendered?—A. I did.

Q. Have you examined the report of services made by both receiver and counsel, and the accounts rendered by the receiver?—A. I did. I saw those accounts in advance of filing and very carefully examined all the accounts and reports.

Q. What, in your opinion, was and is the reasonable value of the services rendered by the attorneys for the receiver in that proceeding up to the time of the making of the application for compensation?—A. I would answer that by stating that the amount finally agreed upon by stipulation is, in my opinion, a reasonable amount to have been allowed by the court had there been no stipulation—approximately $50,000 to the attorney for the receiver and $45,000 to the receiver.

Q. If the matter had been pending before you as referee while you were serving in bankruptcy, upon the testimony introduced and the services with which you are familiar, would you have made substantially the same allowance?—A. Yes.

Q. Now I want to call your attention to another proceeding, known as the "Prudential Holding Co. in bankruptcy." Did you appear in that matter on behalf of anyone?—A. On behalf of the petitioning creditors, who had filed a petition against the Prudential Holding Co.

Q. Did you present to Judge Louderback the application or the petition for the appointment of a receiver in that matter?—A. I did.

Q. Was the proceeding assigned to the court presided over by Judge St. Sure?—A. Yes.

Q. What was the reason that you presented the application to Judge Louderback instead of Judge St. Sure?—A. I was informed at the clerk's office that Judge Louderback was attending to Judge St. Sure's cases during Judge St. Sure's absence.

Q. Was it for that reason that you presented the matter to Judge Louderback?—A. It was.

Q. When you presented the matter to Judge Louderback, did you make any suggestion as to who the receiver should be?—A. I did.

Q. Whom did you suggest?—A. The receiver who had been appointed in the equity case.

Q. Do you recall whether that was Mr. G. H. Gilbert?—A. G. H. Gilbert.

Q. What was your reason for suggesting Mr. G. H. Gilbert?—A. I saw no necessity for a change in the officer who was to take charge of the business.

Q. Do you recall that in that proceeding there was a motion made to dismiss the bankruptcy matter?—A. Yes.

Q. Do you recall about when that matter came on for hearing?—A. The matter was argued before Judge St. Sure on October 26.

Q. Nineteen hundred and thirty-one?—A. Nineteen hundred and thirty-one.

Q. Before that motion had been heard, do you know whether or not a petition or petitions to intervene had been

filed?—A. An intervening petition had been set up by one Sheather, setting up new acts of bankruptcy.

Q. By "new acts of bankruptcy" do you mean acts of bankruptcy other than and different from those set up in the original petition?—A. Yes.

Mr. KING. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KING. Will the President suggest to the witness that he speak directly to the microphone, because those on this side of the Chamber may not hear?

The WITNESS. Thank you.

By Mr. LINFORTH:

Q. Do you recall whether or not before that motion or petition to dismiss was heard an amended petition had been filed setting up still additional acts of bankruptcy?—A. That is correct. The original meeting of creditors filed a petition to amend, setting up new and additional acts of bankruptcy.

Q. Did you appear upon the hearing of the motion to dismiss and resist it?—A. I did.

Q. In making your resistance did you act in the highest good faith?—A. I did.

Q. And, notwithstanding the fact that you may have great respect for the judgment of Judge St. Sure, do you still think there was merit in your opposition?

The PRESIDING OFFICER. Unless there is some reason to be pointed out that question will not be answered. This witness is not on trial. Let us proceed.

Mr. LINFORTH. I will be as brief as possible.

By Mr. LINFORTH:

Q. The motion was finally dismissed?—A. The original petitions were finally dismissed, together with the dismissal of the intervening petition and a denial of the application to amend the original petitions.

Q. Did you take an appeal from that order?—A. I prepared applications for appeal and assignment of errors. I was informed by the correspondents at Los Angeles by whom the case was forwarded that they intended to appeal. I was afterward notified not to appeal.

The PRESIDING OFFICER. What is the relevancy of that question?

Mr. LINFORTH. I merely want to show there was no appeal taken.

The PRESIDING OFFICER. The Chair does not see where that has any place in this investigation. Let us proceed.

Mr. LINFORTH. You may take the witness.

The PRESIDING OFFICER. Is there any cross-examination of this witness?

Mr. Manager LEWIS. No cross-examination.

Mr. BLACK. Mr. President, I have three inquiries I desire to have propounded.

The PRESIDING OFFICER. The clerk will read the interrogatories.

The Chief Clerk read as follows:

Q. What were the three largest fees that you awarded to attorneys for receivers or trustees as a referee in San Francisco, and were these fees approved by the court?

The WITNESS. In the J. C. Wilson & Co. brokerage failure, the fees approximated $75,000, of which a portion was allowed by the District Court of New York in ancillary proceedings, the balance by me. In the case of Sullivan, an importing and exporting business, the attorneys for the trustee were allowed $25,000 by me. I have made some five thousand-odd similar allowances, but I am unable to pick out the particular cases. They have varied from a few hundred dollars to $25,000 to $50,000 in exceptional cases.

Q. In the receiverships conducted by you as referee——

The WITNESS. I failed to answer one portion of the previous question, if I may be permitted. I do not recall that in the 18 years a single allowance was ever appealed from, made by me to attorneys.

Q. In the receiverships conducted by you as referee, concerning stock-brokerage houses, what fees did you allow the attorneys, and what fees did you allow the receivers?

The WITNESS. I have answered that as to the J. C. Wilson case. The other stock-brokerage cases were not large, the fees running into a few thousand dollars only, the volume of business approximating a hundred or two hundred thousand dollars, customers' claims, the volume of stock-brokerage failures that came since this recent panic—and we have had a number of them in San Francisco, and I have been identified with nearly every one of such failures as counsel for the parties.

Q. How many fees of $50,000 or more have you known to be allowed to attorneys in receivership cases in San Francisco? What was the nature of these receiverships, and the amounts involved?

The WITNESS. There have not been many cases where the volume of the estate is so large as in the Russell-Colvin case.

Mr. BLACK. Mr. President, I would like to have the question read again and the witness asked to answer it.

The PRESIDING OFFICER. The question will be restated.

The Chief Clerk read as follows:

Q. How many fees of $50,000 or more have you known to be allowed to attorneys in receivership cases in San Francisco?

The PRESIDING OFFICER. Let the witness answer that part of the interrogatory.

The WITNESS. I do not recall more than two or three approximating that amount, and I will say, in explanation, that there are not more than two or three that involved a volume of assets comparable with the Russell-Colvin Co. case.

Mr. BLACK. Mr. President, is that all the question?

The PRESIDING OFFICER. No. The clerk will read the second part of the interrogatory.

The Chief Clerk read as follows:

Q. What was the nature of these receiverships, and the amounts involved?

The WITNESS. Importing and exporting business, building and loan associations, stock-brokerage case; I do not recall others of great magnitude.

The PRESIDING OFFICER. There was a part of the question also requiring answer, "What were the amounts involved in these particular cases?"

The WITNESS. I would say from $200,000 to $1,000,000.

Mr. BLACK. Mr. President, I send up two other questions.

The PRESIDING OFFICER. The Senator from Alabama submits two other interrogatories, which the clerk will read.

The Chief Clerk read as follows:

Q. What were the individual fees allowed attorneys in the J. C. Wilson case?

The WITNESS. Fifty thousand dollars, I believe, was allowed at one time, and subsequent allowances totaling $25,000.

Mr. BLACK. Mr. President, I desire to amend that question so as to read, "What were the fees allowed to each individual attorney in the J. C. Wilson case, and what were their names?"

The PRESIDING OFFICER. The clerk will read the question as amended.

The Chief Clerk read as follows:

Q. What were the fees allowed to each individual attorney in the J. C. Wilson case, and what were their names?

The WITNESS. In bankruptcy there is only one fee fixed, no matter how many attorneys may serve for the trustee. The attorney in that case was Mr. Robert Gaylord.

Mr. BLACK. Mr. President, there is another question I desire to have propounded.

The PRESIDING OFFICER. The clerk will read the question.

The Chief Clerk read as follows:

Q. What fees of $50,000 have you received as an attorney for a receiver, and what is the largest fee received by you as an attorney for a receiver?

The WITNESS. My term of office expired in 1928, and I have been building up a practice since. The largest fee I have received so far in a bankruptcy matter is $3,500. I will add to that one additional fee of $5,000. I have not represented receivers in the cases. It was not any representation for receivers. I have represented a receiver in only one case.

Mr. KING. Mr. President, I submit an interrogatory.

The PRESIDING OFFICER. The clerk will read the interrogatory.

The Chief Clerk read as follows:

Q. Does not the amount of the fee depend on the value of the estate, the extent and number of claims, and whether there are complicated questions involved?

The WITNESS. Yes; the volume of the estate is a very important factor.

The PRESIDING OFFICER. Are there any further inquiries?

Mr. BLACK. I have one other inquiry.

Mr. FESS. Mr. President, I send an inquiry to the desk, and ask that it be propounded.

Mr. BLACK. Mr. President, I have one I desire to send on the same question heretofore asked, in order that I may get it clarified, if possible.

The PRESIDING OFFICER. For the sake of logical sequence, we will withhold the question of the Senator from Ohio for a moment, until the final question of the Senator from Alabama has been propounded. The clerk will read the inquiry of the Senator from Alabama.

The legislative clerk read as follows:

In the J. C. Wilson case how many attorneys received $75,000, and whom did they represent, and who were all the attorneys?

The WITNESS. That case took place about the opening of the World War in 1914. I only knew one attorney, Mr. Robert Gaylord.

The PRESIDING OFFICER. The clerk will now read the question asked by the Senator from Ohio.

The legislative clerk read as follows:

Approximately what portion of the services rendered by an attorney for a receiver consists in trials in court as compared with settlements outside of court?

The WITNESS. Outside litigation is a small factor in liquidation bankruptcy and equity receivership matters. The Russell-Colvin case represented potentially 500 lawsuits in respect to the claims of clients. The same in the Gorman Kayser case, in which I am referee. I attached little importance to the fact, when I fixed the fee at $50,000 as reasonable, that there was a small amount of outside litigation.

Mr. Manager LEWIS. Mr. President, certain inquiries propounded by Senators and statements by the witness have suggested additional inquiries by the managers on the part of the House.

By Mr. Manager LEWIS:

Q. Mr. Kreft, what is the nature of your practice at present?—A. May I ask you to repeat that?

Q. What is the nature of your practice at the present time?—A. I specialize in Federal equity proceedings and bankruptcy.

Q. Are you receiver by appointment at present?—A. I am at present receiver in another stock-brokerage case, that of Mysell Moller Co., a $150,000 matter.

Q. Who appointed you in that case?—A. Judge Harris, presiding judge of the superior court.

Q. Of the State court?—A. Of the State court.

Q. How long have you been engaged in that case?—A. The Mysell Moller case?

Q. The case you just referred to.—A. I was appointed receiver in January 1932.

Q. Were you appointed attorney for the receiver or receiver?—A. I am receiver in that case.

Q. Have you been appointed attorney for receiver or receiver in any other cases, bankruptcy or receiverships, since you retired from your official position?—A. I have been appointed as attorney for trustees, and in maybe two instances attorney for receivers. Judge Louderback appointed me as attorney for receiver in one case.

Q. In what case was that?—A. An electric company case. I do not recall the first name. My total compensation in the case was $125.

Q. How long ago was that?—A. Oh, a year and half.

Q. And it is within the power of Judge Louderback, if he continues in office, to appoint you to similar receiverships in the future, is it not?—A. He has that power.

Q. You are an old friend of Judge Louderback, are you?—A. No.

Q. How long have you known him?—A. Possibly 10 or 12 years. He had a few matters before me when I was referee.

Q. You referred to the J. C. Wilson case, where, as I understand, there was a fee of $75,000?—A. It is my recollection that that was the total of the fees in that case allowed to the attorney for the trustee.

Q. That includes the attorneys for the receiver and trustees?—A. I do not know that there was a receiver in that case. I think there was no receiver in that case. It was a voluntary case followed shortly thereafter by the appointment of a trustee.

Q. And this was an agreed fee, was it—in the Wilson case?—A. There was no opposition to the fee asked. The larger portion of the fee was allowed by a judge in New York.

Q. Precisely. It was not allowed in California, was it?—A. No; but the case was entirely under my jurisdiction; the proceeding was ancillary in New York.

Q. In New York; but you were very glad to accept the suggestion made by the parties. Is that right?—A. There was no opposition to the fees, and I believed them to be reasonable such as were allowed.

Q. Now, let us investigate this further. In just what other matters have you fixed fees or been familiar with the compensation? What other cases are you familiar with in California, not in New York?—A. As I said, I have made upwards of 5,000 such allowances. It is very difficult for me to remember the particular cases.

Q. In these 5,000 cases how many fees approximately of $50,000 have you allowed?—A. Not more than three.

Q. Let us have those three again.—A. The J. C. Wilson case, the Owen-Sullivan case——

Q. Do you mean the J. C. Wilson case is the case in which there was an agreement in New York and you lived in California?—A. My answer was to the amount of the fees that were allowed to attorneys for services in that case, no matter where they lived.

Q. That is one. Let us have another.—A. The Owen-Sullivan case in the importing and exporting business.

Q. What were the fees allowed in that case?—A. I think they must have been in the neighborhood of $35,000 in all.

Q. You say "they must have been." Have you the clear recollection?—A. I do not recall my allowances specifically in amount in that case, except that the attorneys for the trustee were allowed $25,000. There were allowances to other attorneys in that case.

Q. That was by agreement, was it?—A. There was no particular objection, as I recall.

Q. Let us have one case where there was an allowance even approximating the figures mentioned here.—A. There were several cases.

Q. You spoke of three. Let us have the third.—A. I must answer that I cannot recall the names of the particular cases.

Q. So you now recall only two cases in which fees approximating even half of the amount in this case?—A. That is correct.

Q. But you have had 5,000 cases, as I understand, before you, and, on the basis of that experience, you come before us as an expert? Is that correct?—A. That is correct.

Q. In the Prudential Holding case, Mr. Kreft, in bankruptcy how many amended petitions were filed? You referred, as I recall, to an amended petition in that case.—A. Only one.

Q. When was that, do you recall?—A. With reference to the original petition—there were intervening petitions—but only one application to amend the original petition.

Q. When was it filed?—A. Shortly before the hearing in court on October 26.

Q. The receiver and his attorneys had already been appointed by Judge Louderback, had they not, in this bank-

ruptcy matter when the amended petition was filed?—A. The appointment had been made prior to the filing of the amended petition.

The PRESIDING OFFICER. Are there any further questions?

Redirect examination by Mr. LINFORTH:

Q. Judge Kreft, do you know Mr. Byington, an attorney of San Francisco?—A. Casually.

Q. May I ask you this, to see if I can refresh your memory—do you recall an allowance by Judge Dooling, the judge of the Ninth District Court of California, to him in an oil case of $120,000 as receiver?—A. I do not recall that.

Mr. LINFORTH. We have no further questions.

The PRESIDING OFFICER. The witness will stand aside, and the next witness will be called.

Mr. Manager SUMNERS. At this point, with your permission, Mr. President, we desire to present for the record the application for leave to file amended involuntary petition, which is the petition referred to by the witness in his testimony who has just been on the stand.

The PRESIDING OFFICER. Is there any objection?

Mr. Manager SUMNERS. It shows it was filed on October 14, 1931.

Mr. LINFORTH. May we ask the manager to submit that to us for a moment?

Mr. Manager SUMNERS. Yes. [Handing paper to Mr. Linforth.]

Mr. KING. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KING. Probably there will be a short intermission in a little while. May we not proceed with the case, and counsel will then have a chance to examine the paper and determine whether they wish to object or otherwise?

The PRESIDING OFFICER. Is a very brief intermission desired?

Mr. LINFORTH. We have no objection to the offer.

The PRESIDING OFFICER. The document will be admitted.

U.S.S. EXHIBIT 54

The document admitted in evidence on behalf of the managers on the part of the House is marked "U.S.S. Exhibit 54", and is as follows:

U.S.S. EXHIBIT 54

IN THE DISTRICT COURT OF THE UNITED STATES FOR THE NORTHERN DISTRICT OF CALIFORNIA, SOUTHERN DIVISION

IN THE MATTER OF THE APPLICATION OF CATHERINE ARMSTRONG, REALTY MORTGAGE INSURANCE CO., A CALIFORNIA CORPORATION, AND PARKER LINTON, FOR THE ADJUDICATION OF PRUDENTIAL HOLDING CO. OF LOS ANGELES, A NEVADA CORPORATION, ALLEGED BANKRUPT. IN BANKRUPTCY NO. 21022-S

Application for leave to file amended involuntary petition

To the honorable judges of the United States District Court in and for the Northern District of California:

The petition of Catherine Armstrong, Realty Mortgage Insurance Co., a California corporation, and Parker Linton, respectfully shows and alleges:

That on or about the 5th day of September 1931 your petitioners filed an involuntary petition in bankruptcy against the above-named alleged bankrupt; that in said petition the act of bankruptcy alleged was the appointment of a receiver while insolvent; that since the filing of said involuntary petition your petitioners have investigated the affairs of said alleged bankrupt and have discovered several new additional acts of bankruptcy committed by the said alleged bankrupt within 4 months from the filing of said involuntary petition and without 4 months from the date that your petitioners propose to file their amended involuntary petition in bankruptcy.

That the claim of one of the petitioners, to wit, Catherine Armstrong, is based upon three promissory notes, and said petitioner in the original involuntary petition set forth only one of the said notes, and said petitioner desires to amend the nature of her claim to set forth all the notes upon which there is an indebtedness due by the said alleged bankrupt.

That petitioners further show to the court that they have just discovered the commission of said additional acts of bankruptcy which are set forth in the proposed amended involuntary petition and have been duly diligent in pleading said acts.

Petitioners further show unto the court that it will be to the interests of justice to permit said amendments.

Wherefore your petitioners pray that an order be made and entered herein granting leave to your petitioners to file an amended involuntary bankruptcy petition herein, containing the amendments above set forth.

CATHERINE ARMSTRONG,
PARKER LINTON,
REALTY MORTGAGE INSURANCE CO.,
By W. W. HENRY, *Vice President.*
A. B. KREFT,
TORREGANO & STARK,
By A. B. KREFT,
JANEWAY BEACH & HANKEY,
By G. HAROLD JANEWAY,
Attorneys for petitioning creditors.

STATE OF CALIFORNIA,
County of Los Angeles, ss:

Parker Linton being first duly sworn, deposes and says that he is one of the petitioners above named and does hereby make solemn oath that the statements contained in the above and foregoing petition subscribed by him are true.

PARKER LINTON.

Subscribed and sworn to before me this 13th day of October 1931.

[SEAL] B. M. HARTMAN,
Notary Public in and for the County of Los Angeles, State of California.

STATE OF CALIFORNIA,
City and County of San Francisco, ss:

J. H. Engelhart, being first duly sworn, deposes and says that he is vice president of Realty Mortgage Insurance Co., one of the petitioning creditors above named. That the statements contained in the foregoing petition subscribed by him are true. That he is duly authorized by the Realty Mortgage Insurance Co. to sign this petition and make this verification.

W. E. HENRY, Jr.

Subscribed and sworn to before me this 14th day of October 1931.

[SEAL] CHARLES E. KEITH,
Notary Public in and for the County of San Francisco, State of California.

STATE OF CALIFORNIA,
County of Los Angeles, ss:

Catherine Armstrong, being first duly sworn, deposes and says that she is one of the petitioners above named and does hereby make solemn oath that the statements contained in the above and foregoing petition subscribed by her are true.

CATHERINE ARMSTRONG.

Subscribed and sworn to before me this 13th day of October 1931.

[SEAL] B. M. HARTMAN,
Notary Public in and for the County of Los Angeles, State of California.

EXAMINATION OF H. B. HUNTER

Mr. LINFORTH. Call Mr. H. B. Hunter.

H. B. Hunter, having been duly sworn, was examined and testified as follows:

By Mr. LINFORTH:

Q. Please state your name, residence, and occupation.—A. H. B. Hunter; San Francisco, Calif.; banker.

Q. How long have you been engaged in the banking business?—A. Since 1910; about 22 years.

Q. With what banks have you been connected?—A. I have been connected with the Mercantile Trust Co. in San Francisco; the United Bank & Trust Co., also in San Francisco; the First National Bank of Berkeley; and a bank in Bisbee, Ariz.

Q. In what capacity have you been connected with these banks?—A. From manager to vice president.

Q. Were you at any time connected with the San Francisco Stock Exchange?—A. Yes; I was assistant to the president.

Q. For how long?—A. I would say 8 or 10 months.

Q. In what year?—A. In 1928 and the first part of 1929.

Q. Were you at any time associated with the banking and stock-brokerage firm of Cavalier & Co.?—A. Yes; I was with Cavalier & Co. after I left the stock exchange.

Q. Were you connected with that company at the time you were appointed receiver in the Russell-Colvin case?—A. I was.

Q. Do you know John Douglas Short?—A. Yes; I do.

Q. How long have you known him?—A. For 15 years.

Q. And what has been his profession or occupation during the time of your acquaintanceship with him?—A. He has been an attorney at law. I first met him when he was a partner with Irvin Wright.

Q. Do you know the firm of Keyes & Erskine?—A. Very well.

Q. How long have you known the members of that firm?—A. For about 10 years.

Q. And while connected with these banks that you have referred to, were you in contact with them?—A. I was.

Q. Were they attorneys for some of these banks that you were connected with?—A. They were attorneys for the United Bank & Trust Co.

Q. And during your connection with Cavalier & Co. were you brought in contact with that firm?—A. Yes; we handled litigation together in various stock-exchange matters.

Q. While you were associated with Cavalier & Co.?—A. While I was manager of their brokerage department.

Q. Where do you live in San Francisco?—A. Fairmont Hotel.

Q. And you are a married man?—A. I am.

Q. How long have you lived at the Fairmont Hotel in San Francisco?—A. Ten or eleven years.

Q. Continuously?—A. Continuously—well, except for a short time, a few months.

Q. Do you know Mr. W. S. Leake?—A. I do.

Q. Where did you make his acquaintance?—A. I assume I met him in the lobby of the Fairmont Hotel, probably some evening. I do not recall how I met him or under what circumstances.

Q. Was he living there at that time?—A. He was.

Q. Was his wife there at that time?—A. Yes.

Q. What has been your acquaintanceship with Mr. Leake since the time you first met him at the Fairmont Hotel?—A. Only a casual acquaintanceship, talking to him on occasions in the lobby with other people in the group.

Q. Have your relations at any time been intimate with him?—A. They have not.

Q. Have you ever been a patient of his?—A. I have not.

Q. Or any member of your family?—A. Not any member.

Q. Who first spoke to you about the Russell-Colvin receivership?—A. I think the first mention of the Russell-Colvin receivership came to me from Addison Strong. I was out in Judge Louderback's as a juror. Mr. Strong, a friend of mine, sat down next to me and asked me what I was doing out there.

The PRESIDING OFFICER. If Judge Louderback had nothing to do with this, let us pass it over.

Mr. LINFORTH. I think it is important on account of testimony given by Mr. Strong. It is to meet the testimony which he has already given.

The PRESIDING OFFICER. The Chair does not want the witness to give long conversations.

By Mr. LINFORTH:

Q. Make it as brief as you can.—A. Mr. Strong asked what I was doing. I said I was a juror.

The PRESIDING OFFICER. It is not necessary to go into particulars in this way unless counsel has some reason for it.

Mr. LINFORTH. Mr. President, I am directing the attention of the witness to a particular matter to meet the testimony of a witness for the managers of the House—to wit, Mr. Strong—the testimony being directly responsive.

The PRESIDING OFFICER. Very well.

The WITNESS. Mr. Strong asked what I was doing out there. I said I was a juror. He went on to say that he was out there in a receivership matter. I do not recall that he mentioned the Russell-Colvin. He mentioned the receivership matter and said that he had been suggested as receiver. I said to him in a joking way, "Don't you want a good receiver?" We were joshing about it at that meeting.

By Mr. LINFORTH:

Q. In that way the matter of the receivership was mentioned?—A. It was only a facetious remark.

Q. Had anybody up to that time ever spoken to you about your acting or the possibility of your acting as receiver in that matter?—A. No one had.

Q. Did you at any time have any talk with Mr. W. S. Leake on the question of your acting as receiver?—A. I did.

Q. Can you state when and where that conversation took place?—A. I was coming into the lobby of the Fairmont Hotel and Mr. Leake called me. He asked me if I could act in the Russell-Colvin matter in case Mr. Strong would not be able to do so.

Q. What did you say? Give us the entire conversation.—A. I told him I would have to see my associates and I would let him know.

Q. The following day did you see your associates in regard to the matter?—A. I saw Mr. Cavalier the next noon when he came over from his Oakland office and discussed it with him and also with the other partners.

Q. After discussing the matter with your associates did you have any communication with Mr. Leake in regard to it?—A. Yes. My associates thought that I should act, and I at once, as I recall it, notified Mr. Leake that I would act.

Q. How was your communication with him, by phone or otherwise?—A. By phone.

Q. When you so advised him what did he say?—A. He said he would let me know later.

Q. Did you subsequently that day hear from Mr. Leake?—A. I did.

Q. Do you recall how you heard from him, by phone or otherwise?—A. He called me up by phone and asked me——

Q. Do you remember at what time you heard from him by phone?—A. It was along about 4 or 4:30—between 4 and 5 o'clock.

Q. What, if anything, did he say to you?—A. He told me to go out to Judge Louderback's court and take someone with me to furnish bond; that I should act in the receivership.

Q. When he made that statement to you what, if anything, did you do on the question of bond?—A. I asked one of the firm of Cavalier if they had some friend that would assist me in this matter, and they called up someone in the Balfour-Guthrie Co., and a representative of that company went out with me to the court. We arrived at court between 4 and 5 o'clock and I told the secretary of Judge Louderback that I was there in this receivership matter. I finally saw Judge Louderback and the man that was there with the bond filled it out and it was filed, as I recall it, and I qualified as receiver.

Q. Will you state what conversation you had with Judge Louderback at that time?—A. All that I can remember that I had was that he said, "Go along. I know you know your business and will take care of things. If at any time I can be helpful and am free I will be glad to consult with you."

Q. When you saw Judge Louderback, was the representative of this bonding company present during all the time?—A. Yes; he was.

Q. In the same room?—A. Yes; he was. He had to be for the purpose of filling out the bond.

Q. Do you recall about what time it was that you left the courthouse after qualifying as receiver?—A. Sometime after 5 o'clock, as I recall it.

Q. Where did you go from there?—A. I went back to the hotel and went up to my room.

Q. That is, your residence at the Fairmont Hotel?—A. Yes.

Q. Did you later on that evening see Mr. W. S. Leake?—A. I did. After dinner was finished I went down to tell him that I had been out to court, and I was qualified as receiver.

Q. Did you go to his room?—A. I did.

Q. What talk did you have with him there that evening in his room?—A. All that I can recall is that I just told him what had happened and that I would have to take charge of the firm the next morning.

Q. Did you state anything to him at that time on the question of attorneys for the receiver?—A. I did.

Q. What did you say to him?—A. I said I wanted to call up Mr. Short at his home as soon as his dinner was finished.

Q. Did you call up Mr. Short?—A. I did. It was then, I think, about 8:15 or something of that kind, and Mr. Leake said, "You can use my phone here." I called up Mr. Short from Mr. Leake's room.

Q. Where did Mr. Short live at that time?—A. Woodside.

Q. You were advised of that fact?—A. Oh, yes; I knew Mr. Short.

Q. You knew where he lived before?—A. Yes.

Q. What was your talk with Mr. Short over the telephone that evening?—A. I told Mr. Short I was going to act in this Russell-Colvin matter, and I wanted to know whether his firm would represent me; that I did not know anything about financial affairs but that I would like to have him meet me at Cavalier's in the morning between 8 and 9, so we could talk it over.

Q. Did you at that time think Mr. Short was a member of that firm?—A. I certainly did.

Q. Did you in that conversation over the phone make an appointment with Mr. Short?—A. I did to meet him at Cavalier & Co. between 8 and 9 next morning. I wanted to go to the Russell-Colvin place at 9 o'clock.

Q. Did you meet Mr. Short at the office of Cavalier & Co. the next morning?—A. I did. I think it was about 8:30.

Q. While you were there did Mr. Erskine come over?—A. He did. After I had made my arrangements with Mr. Short and discussed various questions he called up Mr. Morse Erskine and asked him to meet us at the Russell-Colvin Co.

Q. Whom did you employ as your counsel in the Russell-Colvin matter?—A. Keyes & Erskine, as I thought. I thought Mr. Short was a member of the firm.

Q. You thought that Keyes & Erskine were the two Erskines and Mr. Short?—A. Yes.

Q. How soon did you start to work on the matters of the receivership?—A. I think we were over to the Russell-Colvin office by 9 o'clock.

Q. After you had looked into the affairs of Russell-Colvin & Co. did you ascertain whether or not it owned any bonds of the Consolidated Box Co.?—A. Yes; I did.

Q. How many did you ascertain it owned?—A. It owned about 60 per cent of the issue, or almost 300,000 bonds out of the 500,000.

Q. Did you ascertain whether or not any of those bonds were pledged?—A. Yes.

Q. How many of them did you ascertain were pledged and for what sum?—A. There were around $69,000 or $70,000 pledged.

Q. Did you ascertain whether or not any of them had been sold by Russell-Colvin & Co. under so-called "repurchase agreements"?—A. Yes. They could not sell the bonds, so they induced the banks to take the bonds on a repurchase agreement.

Q. To what amount had they so induced the banks to take the bonds?—A. One hundred and twenty-two thousand five hundred dollars.

Q. At what price had they guaranteed the bank to repurchase them?—A. They guaranteed almost any price from par up to 105, as I recall it.

Q. Were those bonds at that time salable in the market?—A. The only market for those bonds was the Russell-Colvin office. It was their own underwriting. They were the only market, and without their support there would have been no sale.

Q. In other words, they were not listed bonds?—A. No; they were not listed. In fact they tried to sell them, and that is why they had 60 percent of the issue on their hands. They could not sell them.

Q. What was the amount of the issue?—A. Five hundred thousand dollars.

Q. Did you ascertain, after you had been appointed receiver, whether or not Russell-Colvin Co. owned any stock in that Consolidated Box matter?—A. They had the B stock, which gave them control, and some A stock.

Q. After your appointment, did you ascertain whether or not the Russell-Colvin people, a few days before this bankruptcy matter, had made some contract to sell the control in the Consolidated Box Co.?—A. I did. Mr. Blumberg came in to see me the following day after my appointment, Saturday morning; told me that he had a deal on for the control of the company, and that if I wanted to get some money into the estate, he had a deal he would like to put through. I asked him why he was held up. He said he was afraid a receiver would upset the deal, and he would like to get my approval.

Q. Did you upset the deal?—A. I told him we would have a meeting that day. I called up my attorneys, arranged a meeting at 12 o'clock, and we were in discussion for a couple of hours. My attorneys looked over the contract, decided that it was not enforceable—that is, that it was executory—and that we could rescind it whenever we wished.

Q. For what price had this concern, 2 or 3 days before the receivership, agreed to sell the control in that company to Mr. Blumberg?—A. The company was in very dire distress, needed money, and they sold the control of the company for $7,246.

Q. And that was the contract; was it?—A. That was the contract.

Q. Did you find, upon investigation, that the stock had been put up in escrow?—A. It had been put up in escrow.

Q. And who was the escrow holder?—A. Francis C. Brown.

Q. One of the witnesses who have appeared here?—A. Yes.

Q. Without going into details, did you serve or cause your attorneys to serve a notice of disaffirmance of that contract?—A. There is no question but that they received notice, and knew that we were not going to go through with the contract.

Q. Did you subsequently dispose of all of those bonds and that stock?—A. I did.

Q. How long were you negotiating and working on the matter of disposing of that stock, which was under contract for the amount stated, and those bonds, before you effected the sale?—A. At least 3 months. We carried on extensive negotiations. We had a great many legal fights. We appeared in court a great many times. Every obstacle was put in the way of reselling the securities to another man. I finally was unable to induce or urge Mr. Blumberg to get off the board of directors, and certain directors, and I finally sold the plant, the securities I held, to Mr. Blumberg for the same amount that I had already sold it to another gentleman for.

Q. In other words, had you found a purchaser different from Mr. Blumberg for that property?—A. I had.

Q. And who was that person?—A. Mr. Spiegelman.

Q. As a result of the negotiations and what you did, what did you finally get in cash for those bonds?—A. The bonds alone, or the whole transaction? Around $130,000 was the total purchase price.

Mr. Manager SUMNERS. Mr. President, we object to that question and the answer because the question and the answer are not calculated to elicit the facts but are calculated to confuse the facts. The first contemplated sale was with regard to stocks. The control of the voting power did not control the physical property, did not control the bonds. The latter sale with regard to which the witness is testifying was in reference to both the stocks, the bonds, and the physical property.

The WITNESS. That is correct.

Mr. Manager SUMNERS. We should like to have that appear.

The WITNESS. That is correct.

Mr. LINFORTH. Mr. President, if I have not made the matter clear, it has been due to my desire to be as brief as possible in the matter. I will proceed a little further, and see if I can meet the objection of the honorable manager.

By Mr. LINFORTH:

Q. Mr. Hunter, was the stock of the company, under the contract you have referred to, the control?—A. It was. The total B issue was $56,000. I was selling 28,801 shares of B stock and 7,246 shares of A stock.

Q. Were these bonds that I have called your attention to salable?—A. They were not. Russell-Colvin had tried a long time to sell them, and they could not sell them.

Q. Did you, as receiver, try to sell these bonds?—A. I did. I might enlarge on that.

In our discussion with Mr. Blumberg, I asked him what he would do in regard to something like $84,000 worth of paper-box machinery which Russell-Colvin held in the subsidiary—

what it could be sold to him for. He was very evasive; he said maybe $5,000. That is the reason we wanted to rescind the contract. Also, we asked him about the bonds: Would he buy the bonds? Well, he did not know; he might buy the bonds, and he did not know whether he would or not, but he would have to get control first. So we determined and decided, and so stated at that time, that if we lost control of this company by a small payment of $7,200, we would be unable to sell the machinery or sell the bonds; there would be no market, and the estate would suffer by it. I think all the evidence goes to show that that was true.

Q. With those thoughts in mind you brought about the sale to which you have referred; did you?—A. I did. Mr. Blumberg did everything in his power to prevent the sale.

Q. And the amount you realized for the receivership was how much?—A. The sale amounted to something around $130,000. I can give you the accurate figures if you wish them.

Q. That was received in cash; was it?—A. That was received in cash. I might enlarge on that, so that the question will not be brought up. That did not all go into the estate. There were other bonds that were sold to assist in cleaning up the pledges.

Q. You have referred to the fact that $122,500 of these bonds were out on repurchase agreement.—A. I have.

Q. What, if anything, did you do in order to relieve the estate from that obligation?—A. These repurchase bonds naturally had no market, as well as the other bonds. Only by the deal which I consummated, first with Mr. Spiegelman and then finally with Mr. Blumberg and his associates, was it possible to enter into negotiations with the holders of these repurchase bonds. We then entered into negotiations with the holders of those bonds, and, due to the splendid price I received for the bonds in the sale, I was able to get a very splendid settlement with these holders. The average sale of those bonds was, I think, almost $700 a bond.

Q. How did you arrange to relieve the trust estate from the repurchase agreement relating to those $122,000 in bonds?—A. I and my attorney carried on negotiations for months, you might say. We met with these holders of the bonds, and we insisted that the price obtained in the sale to Mr. Blumberg was the controlling price. However, some were settled on the basis of $500 a bond; but the majority were sold on the basis of around $750 a bond. The average price of the bonds sold to Mr. Blumberg was $600.

Q. Did you succeed in getting a release for the bankrupt or receivership estate from the obligation to repurchase those bonds by agreeing that they should have a claim against the estate?—A. Yes. It left a small claim against the estate in the form of a general creditor, due to the fact that the majority of the claims, something like $118,000, was reduced, I think, to about $20,000.

Q. And that obligation was wiped out in that way?—A. It was.

Q. Did you sell the seat owned by the Russell-Colvin people in the San Francisco Stock Exchange?—A. I did.

Q. Did anyone but yourself and your attorneys inaugurate the proceedings and follow the proceedings leading up to the sale of that seat?—A. No. I took the matter up with a great many people, my friends, to try to locate a purchaser. Finally we contacted a man who wanted to buy a seat—it was a partnership of three men—and we sold the seat for $75,000.

Q. After you were appointed receiver, and after you had an opportunity to look into the affairs of Russell-Colvin & Co., did you ascertain whether it owned any stock in a company known as the "Coen Co."?—A. Yes. They had almost the control—not quite the control—of the Coen Co., another underwriting of theirs.

Q. Was the stock that they held the control, or less than the control?—A. Slightly less than the control, which made it very difficult to sell.

Q. Did that stock have any sale value on the market at that time?—A. None whatever.

Q. Did you institute efforts to sell the stock?—A. I interviewed dozens of people. I tried to get brokers to support the market in the stock, principally the A stock. I had people call on the president. The president insisted that the stock was worthless, the company was not doing well, and I had great difficulty in selling.

Q. Did you finally sell it?—A. I did.

Q. For how much?—A. Twenty-five thousand five hundred dollars.

Q. In cash?—A. In cash.

Q. After investigating the affairs of this company, did you ascertain whether or not they owned any stock, common or preferred, and any bonds and notes of the Anchorage Light & Power Co.?—A. They did. That was another one of their underwritings. They built an electric plant in Alaska, at Anchorage, which cost about $700,000. The original estimate was about $350,000. They had been unable to sell a large block of the preferred stock, and had a few bonds, I think something like 39 out of 350, on pledge with a bank. They did not have control of this company either, which made it difficult to sell.

Q. Did you ascertain whether or not the Russell-Colvin Co. had underwritten the bonds and the preferred stock of the Anchorage Light & Power Co.?—A. Yes, sir.

Q. Was there any sale for that stock or those bonds at the time you were receiver?—A. None whatever. I suppose you could sell them——

Q. Did you make efforts to sell them?—A. I suppose you could sell anything for a small amount, but I mean a fair price. There was no fair offer anywhere. I could probably have sold the bundle of stock for a cent a share.

Q. Do you recall in amount how many bonds the Russell-Colvin Co. had and owned of the Anchorage Light & Power Co.?—A. They owned 35, and there were 4 other bonds in pledges, as I recall.

Q. Were the 35 that they owned also in pledge?—A. They were pledged with a bank at Anchorage for a loan.

Q. Do you recall, in round numbers, how many shares of the preferred stock of that company they owned?—A. One thousand and fifty-three, of par value of $100, making $105,300 book value.

Q. Do you recall how many shares of the common stock in that company they owned?—A. Eighteen thousand six hundred and twenty-nine, if I remember correctly.

Q. What was the amount of the notes that Russell-Colvin & Co. held of the Anchorage Light & Power Co. at the time you were appointed receiver?—A. The plant, as I stated a few minutes ago, cost a great deal more than they expected. They first came out with a preferred-stock issue, and then they came out with another which they were not able to sell; and finally they had to put up the money themselves to complete the plant. This represented advances to the extent of $63,000, in round numbers.

Q. Did you endeavor, after you were appointed receiver, to collect those notes so aggregating $63,000?—A. I did.

Q. Could you collect any of it?—A. No.

Q. Subsequently what arrangement did you make, if any, to dispose of the notes and the stock and the 39 bonds?—A. I pressed the president of the company, Mr. Reid, to do something. He finally came down to see me in San Francisco with a banker by the name of Rasmussen. We had several days' negotiations. I could not get Mr. Reid or Mr. Rasmussen to make me an offer. We did, however—the banker and I got together at breakfast and decided that we should cut expenses. So I told Mr. Reid that we would have to cut expenses at the plant if I were not to press payment on the notes. We entered into an agreement to take a note for a small balance that had not been so taken care of, and for doing that there was a very extensive legal agreement drawn up which made it incumbent upon Mr. Reid to keep the expenses at not exceeding a thousand dollars a month, that his salary was to be nominal, that anything he ever did was to be approved by me, that he was to put the banker on the board of directors and in charge of the finance committee, and that they should cut down their office expense and the salary of the attorney and the salaries of the accountants, and so forth.

Q. As a result of what you did, did you finally make some kind of a deal over these notes and this stock and these bonds?—A. As in all other deals, I had to work up an outside deal. I could not get any place with Mr. Reid. He temporized. I pressed him. I have written a great many telegrams and a great many letters threatening receivership, and so forth. Finally I got a friend of mine, an investment banker, to take some interest. We outlined a sale that would be agreeable to me for the securities. I asked Mr. Reid if he was willing to enter into the transaction with him, that was, the investment banker. Mr. Reid immediately did not want anybody else in the transaction, and wired me substantially the same offer that this man was supposed to enter into with me. As a consequence, Mr. Reid came down with the attorney for the company and I sold the notes at 100 cents on the dollar as against first-mortgage bonds that were selling at that time at 20 to 25 cents on the dollar. He paid me $7 a share for the preferred stock. The total amount involved was $70,000 and 6 percent interest. As I stated before, I did not have control, so, as a condition to selling this to Mr. Reid and his associates, I made him pledge his stock. This gave me control, so that if Mr. Reid ever fails to complete his bargain, I have control of the company, and can sell it.

Q. According to this agreement——

Mr. BLACK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BLACK. I have read the pleadings very carefully, that is, those which appear here, and I do not see where any charge of incompetency is made against this gentleman as receiver. The parliamentary inquiry is, if that is not in issue, and if the managers on the part of the House do not claim that his administration showed incompetency, is it pertinent to go entirely through with the evidence as to his conduct of the estate? Of course, if there were charges against this gentleman as receiver, the evidence would be pertinent. I propound that as a parliamentary inquiry.

Mr. LINFORTH. Mr. President, may I answer?

The PRESIDING OFFICER. The Chair will be glad if counsel will, because the Chair has wondered for half an hour what the purpose of this testimony is.

Mr. LINFORTH. The purpose is twofold. While the competency of the receiver is not attacked, in the fifth article, as amended, it is alleged that the fees were excessive, that the judge willfully allowed excessive fees, and the witness is detailing not only the services he rendered but the services which the attorney rendered in connection with these particular matters, which bears upon the question as to whether or not the fees were excessive.

The PRESIDING OFFICER. Is there a charge in the article to the effect that the fees paid this receiver were excessive?

Mr. LINFORTH. I do not take it that there is any specific charge that his fees were excessive, but there is a specific charge that the fees of the attorneys were excessive. The witness is relating certain transactions and certain deals which took place which resulted in disposing of certain assets of the concern, in which he had the advice and the cooperation and the assistance of his counsel, and that in so acting, he was acting under the advice of counsel, and that counsel prepared the necessary papers to consummate his case.

The PRESIDING OFFICER. In the opinion of the Chair there is not a sufficient showing that this witness had any knowledge as to whether or not the fees allowed the attorney were excessive, and unless there is something more material developed, and promptly developed, than has been developed in regard to that matter, the Chair will be inclined to rule out questions similar to those which have been answered.

Mr. Manager BROWNING. Mr. President, the managers on the part of the House meant to charge and they do insist that the fees to this receiver are excessive.

The PRESIDING OFFICER. If that be true, the Chair is of opinion that it is quite pertinent to go into the particulars of the services he rendered.

Mr. LINFORTH. Mr. President, as my attention was distracted, may I have the statement made by the honorable manager read?

The PRESIDING OFFICER. The reporter will read the statement.

Mr. Manager BROWNING. Before that is read, we did not make any charge and do not insist on any charge of incompetency, but we do intend to charge and insist that the fees were excessive.

Mr. LINFORTH. That is, the fees to this receiver?

Mr. Manager BROWNING. To this receiver, as well as to his attorney.

The PRESIDING OFFICER. Mr. Witness, in describing the services rendered, eliminate as much of the conversation as possible, without suppressing any of the material facts. In other words, be just as brief as you can be, without neglecting to state the material facts of the matter.

Mr. LINFORTH. Mr. President, I think there is an unanswered question. Will the reporter please read it?

The PRESIDING OFFICER. The reporter will repeat the question.

The OFFICIAL REPORTER. The last sentence of the answer of the witness was as follows:

> This gave me control, so that if Mr. Reid ever fails to complete his bargain, I have control of the company and can sell it.

By Mr. LINFORTH:

Q. According to this agreement, what amount did the buyer agree to pay for these notes, this stock, and these bonds?—A. Sixty thousand dollars, plus 6 percent on deferred payments.

Q. I do not know whether I got your answer correctly. Did you say 60,000 or 70,000?—A. Sixty—seventy thousand. I beg your pardon.

Q. Seventy thousand dollars. Did that arrangement take the form of a written agreement?—A. It did.

Q. Who prepared the agreement?—A. My attorneys.

Q. During the various proceedings and negotiations that were had on the subject of this stock, these notes, and these bonds, did you advise and consult with your counsel?—A. Always.

Q. Were they present at the times of the holding of the negotiations with the people from Alaska to whom you have referred?—A. Whenever it was necessary.

Q. In this agreement to which you have referred, whereby you sold this property for $70,000, during what period is the payment to be made?—A. Over the next 2 or 3 years.

Q. Has any part of the $70,000 been paid?—A. $12,000. There is a balance due of $58,000.

Q. Did you do anything in the way of taking security for the faithful performance of that agreement on the part of the buyer?

Mr. Manager SUMNERS. Mr. President, we do believe, with all fairness to everybody in interest, that that sort of interrogation runs more into detail than is necessary to enlighten the Senate with reference to what took place. For instance, asking the witness, who has made the transaction, whether or not he took security. We assume that the witness did do what common sense would suggest that anybody with ordinary sense ought to have done. Merely for the purpose of shortening the interrogation, we believe that that character of testimony ought to be avoided if it can be done.

Mr. LINFORTH. Mr. President, may I add that I want to prove that the witness did what the learned manager says common sense would suggest to anyone that he should do.

Mr. Manager SUMNERS. The point is that we do not question that the witness has common sense and exercised it in handling the transactions of the concern.

The PRESIDING OFFICER. Inasmuch as there is no charge of incompetency on the part of this receiver, the Chair is of opinion that it is not necessary to indulge in any details as to the manner in which he performed those services. Unless there is some challenge as to the efficiency of those services, all matters pertaining to proof that those services were promptly discharged will be excluded

Mr. LINFORTH. We bow to the will of the Chair and will not go into further detail on the matter.

By Mr. LINFORTH:

Q. Mr. Hunter, did you sell any other property belonging to the Russell-Colvin Co.?—A. Yes; I sold many miscellaneous things, one a three-quarters percent interest in the Peerless Paper Box Co., furniture and fixtures to the extent of $10,000, and investment trusts, and many other items.

Q. While you were receiver, during the first year of your term, what were your hours devoted to this business?—A. I hoped to get through in about 3 months, so I worked day and night, and I finally finished my report after 10 months' work, with a large crew of accountants.

Q. What were your working hours devoted to the business of this concern?—A. Every day in the week, Saturdays and Sundays, holidays and nights.

Q. What hours—how many hours a day?—A. We worked all night.

Q. That is a little worse than the Senate, but not much. [Laughter.]—A. No; it is not.

Q. During the time when you were so active, what time did you have of your counsel, what time was devoted to you?—A. This morning I looked over my bill of services. I think that would probably illustrate better than anything else how much I called upon my attorneys. Almost every transaction in a brokerage office has a legal snarl to it. I looked over the first two or three pages of my bill of services, and I think there were dozens of items which were referred to my attorney to consider and answer. The tracing of securities, and so forth, required all the time of Mr. Short. I used Mr. Morse Erskine almost altogether in carrying on the negotiations and sale of the Consolidated Box and other items of that sort. Finally, Mr. Erskine came in toward the end to assist me personally in completing the report, tracing the securities, and that end of it.

Q. During the first year of your receivership, how much of the time of Mr. John Douglas Short and Mr. Morse Erskine was devoted to you?

Mr. Manager BROWNING. Mr. President, we except to that, on the ground that it would be hearsay. The witness does not know how much time they put in.

Mr. LINFORTH. I will ask the question if you know?

The PRESIDING OFFICER. If the witness knows, he may answer. If he does not, he may not answer.

The WITNESS. My agreement with my attorneys was that they would give me——

Mr. Manager BROWNING. We object, because the answer is not responsive to the question in any way.

The PRESIDING OFFICER. The objection is sustained.

By Mr. LINFORTH:

Q. Do you know how much of their time you did take which was devoted to you during the first year of the receivership?—A. Practically all of the time of Mr. Short and a large part of Mr. Morse Erskine's time.

RECESS

Mr. KING. Mr. President, I move that the Senate, sitting as a Court of Impeachment, stand in recess for 5 minutes.

The PRESIDING OFFICER. The question is on the motion of the Senator from Utah.

The motion was agreed to; and (at 1 o'clock and 2 minutes p.m.) the Senate, sitting as a Court of Impeachment, took a recess for 5 minutes. On the expiration of the recess the Senate, sitting as a court, reassembled.

Mr. FLETCHER. Mr. President, may I submit some questions at this point? They might be submitted later, but I may not be able to be present.

The PRESIDING OFFICER. The Senator from Florida wishes to submit several interrogatories, which the clerk will read.

The Chief Clerk read as follows:

Q. Before your interview with Mr. Short, before or following your appointment as receiver, had anyone suggested him?

The WITNESS. No. The only reference to Mr. Short was on the occasion when Mr. Leake asked me if I could serve and stated that Judge Louderback had mentioned his name to Mr. Strong.

The Chief Clerk read as follows:

Q. Or the firm you supposed he was connected with as attorneys for you as receiver?

The WITNESS. No; I always think of Mr. Short as the firm of Keyes & Erskine.

The Chief Clerk read as follows:

Q. Did the respondent suggest or advise you respecting attorneys you should engage?

The WITNESS. He did not.

The Chief Clerk read as follows:

Q. What arrangement was made as to fees, if any?

The WITNESS. None whatever.

The PRESIDING OFFICER. Counsel will proceed.

By Mr. LINFORTH:

Q. Mr. Hunter, in view of the services that you have mentioned, will you please go on, in your own way, and state what you did in the liquidation of this company?—A. I will treat of the assets of the firm, and I should like to make this statement, that Russell-Colvin & Co. had a capital stock of around $182,000 at the beginning of 1927, and they made $80,000. The next year they had about the same amount, or $182,000, and they made $785,000. This enormous profit was arrived at by their underwriting. They merged several paper-box companies, at a cost of $890,000, and added over $500,000 water to the sale price. They took over the Coen Co., which is not a merger, and sold those securities and added a quarter of a million. This money went into the profit-and-loss account. That made it very difficult to make sales. I will not go into the details of the sales from now on.

During the very time we were carrying on negotiations for the sale of these assets the various problems connected with the sales arose. We were liquidating the pledges. It was necessary to liquidate the securities owned by Russell-Colvin to be able to liquidate the pledges. A great many of the securities were sold by E. A. Pierce and Russell Miller. Barneson & Co. could not sell the securities because they did not have the margins for them and would have to resort to the procedure required by the Civil Code. We had to prepare orders, and so forth, permitting them to sell without going through a lengthy procedure. We liquidated all the pools and pledges over a period of months.

Next we also had leases on the property, which we rescinded. They had entered into a lease with the Mills Building, calling for a large sum of money over a period of years. We rescinded that contract, and finally had to allow a claim, I think, of something like $6,000, and $2,000 for rent, and eliminated any further payment on the lease. We rescinded other leases. I think that covers the assets of the partnership.

A great problem in the liquidation of a brokerage shop is caused, as I understand, by the right of the owner of securities to search out his property and get it where we can find it. Also, due to the fact that there are many legal complications, such as the problem of agent and principal, bailee and bailor, pledgee and pledgor, and so forth, a great amount of legal work had to be done to determine whose securities they were, under what condition they were in the hands of Russell-Colvin & Co., and what had to be done to make it possible to make delivery of these securities.

Another very serious problem was in that Russell-Colvin had borrowed, or overborrowed, something like $330,000 on the securities of customers. By that I mean that the customers had borrowed, we will say, five or six hundred thousand dollars, and they had borrowed eight or nine hundred thousand dollars. When that happens the customer is put to a great disadvantage. They had used this money in their own affairs, and, naturally, there are no securities, when the assets are liquidated, to deliver to the owners. So then we had the hypothecation and rehypothecation and superior liens and superior rights of individuals to determine. We had various classifications of creditors. There was an enormous number of questions which I had to put up to my attorney and which we had to work out. I studied the

law—read the law, rather; I did not study it—and worked out the procedure to delineate the result of our tracing and searching and the distribution of the equities and the dividends in the pools and the final liquiration of the customers' accounts.

Our total claims were something like 679 claims. Many of the claims, I think over 100, did not agree with the books. This offered a difficult situation. We discussed the matter of how to handle them. The majority of brokerage houses employ no accountants. The majority of the customers are forced to hire accountants and attorneys to search out the securities. The majority of the settlements were finally settled on a kind of Peter-to-pay-Paul idea, sort of an average. We agreed that we would not employ accountants at a cost of $20 to $50 a day. We would assist the claimants in every way we could to file their claims; and in the filing of the claims of those 100 or more that did not agree with the books, Mr. Short and I met with those claimants and finally got all, I think, but a few, 7 or 8, to stipulate that the records were correct.

Mr. KING. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KING. We are sitting as a Court of Impeachment, a matter of very great importance. I do not want to suggest the absence of a quorum. I express the hope that more of the Members of the court may be in attendance.

The PRESIDING OFFICER. The Chair hopes that that hope may bear fruit. Does the Senator from Utah wish to suggest the absence of a quorum?

Mr. KING. No; I shall not do so.

The PRESIDING OFFICER. The witness may proceed.

The WITNESS (continuing). At the end of 10 months, working with a large crew of men, I had my report prepared to submit to the court and get the approval of the claimants. We filed that report and had lengthy sessions with the court, in which certain attorneys representing clients objected to our settlement.

By Mr. LINFORTH:

Q. Let me interrupt at this point to ask you with how many banks, brokers, or concerns did you find the stocks and securities of customers placed by the Russell-Colvin Co.?—A. There were 46 different pools, as we call them, in which we had to trace the securities of individuals. Some of those pools were very short, because a man, when he sells a security and does not deliver the security, is a pool. There were 3 large brokerage concerns, about 13 banks, and the balance in various places of a smaller account.

Q. Using the crew that you had and giving the matter your own attention with the aid of your counsel that you have suggested, how long did it take you before you were able to segregate and put in the proper class the six hundred and odd claims?—A. I would say 6 months. The first 3 months the claims were being filed and we started working out the debts of the individual accounts on securities to determine the equities. We carried on other forms of accounting procedure to be ready when the claims were filed. After the claims were all filed, at the end of something like 90 days, we then had to take the claims and reconcile them with the record and meet with the customers and work out an agreement as to stipulations. I think that answers the question.

Q. During these proceedings, who did you have as your bookkeeper?—A. Mr. Joe Zolinsky.

Q. He had formerly been an auditor with Russell-Colvin Co.?—A. Yes.

Q. Have you stated, not fully, but generally, the services that you rendered?—A. No. It is much longer than that. We had to appear in court and get approval of our settlement sheets with the customers. They were finally worked out so that accepting claimants were taken care of, and then we had to make effort with the representatives of the general creditors. We then had to make settlement; in other words, I made demand upon the men who owned the securities to come in and pay the balance due and I would deliver them their securities. A number of claimants, naturally, those who had no equity or those whose securities were below the amount owed against those securities, refused to put up the money or take the securities. This forced me to sell the securities. I carried on this sale. Then I had to do my work all over again. This was simplified, naturally. This affected only, I would say, 70 or 80 accounts. There were a lot of fractional shares that had to go into that sale. Then I notified other customers what they owed. You see, I was collecting money from one customer that owed on securities and paying it to another customer whose securities had been sold to satisfy the superior lien and pay the money out.

The second sale or third sale, you might say, that I had solved the problem, and we prepared a final settlement as to what we would pay the customers. This was about 18 months after receivership started. The legal procedure had been gone through with. We had 90 days for appeal, and we paid out and delivered in securities $400,000 or $500,000.

Q. In that connection, how much was paid out to the customers who had preferred claims?—A. I have not those figures, Mr. Linforth. You mean the general preferred creditors?

Q. Those that had stocks that were fully paid up.—A. As I recall, there was around $375,000.

Q. What percentage was that?—A. 100 percent.

Q. Those that were in the marginal list, what percentage did they get?—A. Pardon me if I mention this: We have three classes of preferred creditors, those who have fully paid securities, those who did not sign margin cards and had no agreement with Russell-Colvin to borrow more money than they were borrowing, so they received 100 percent. Then we had the salary claims, tax claims, and so forth, to satisfy 100 percent. The margin traders who signed a margin card and who authorized Russell-Colvin to borrow more money than they were borrowing were paid, I think, around 50 percent.

Q. And the general creditors received what?—A. To date?

Q. Yes.—A. 28 percent.

Q. How much have you still and what, in your judgment, will it pay in percentage to the general creditors?—A. May I inject just a statement there? The margin traders who received about 50 percent out of the pool became general creditors for the balance of their accounts. This increased the general-creditor item from $152,000 to $500,000. This is all due to the Russell-Colvin Co. overborrowing on those securities. They also received 28 percent. The margin creditors received 50 percent and an additional 28 percent on the 50 percent.

Francis Brown had a company subsidiary in which he was a director called the "Continental Investment." This stock was wholly owned by Russell-Colvin. Over 2 years ago he liquidated that company, and there was in that company $5,000, in round figures, due from the sale I made in the Consolidated Box deal. Mr. Brown has not delivered that money to me yet. It is held up because of a fear that the income-tax people will make a claim against the directors for some income tax. There have been long negotiations. I have written the collector of internal revenue and tried to get the thing settled. I have that $5,000 coming. I have $58,000 coming from the Anchorage deal. I think that is all.

Q. How much in percentage will that pay to the general creditors?—A. It will pay another 12 percent as, if, and when collected.

Q. Have you briefly but generally stated the services rendered by you as receiver?—A. Quite briefly.

Q. Are you still acting as receiver?—A. I am. We have a great many bad accounts that we are trying to collect. Those accounts were turned over to the Retailers' Credit Association. I want to mention this because I want everyone to understand that I was not in the position to know whether a person had assets or not. The Retailers' Credit Association, representing, I think, 12,000 business firms, were in a position to know who had assets and who did not have assets; so we turned these accounts over to them to collect. We have already, though, filed suits against quite a few and have done everything we could to collect money where we could. We billed customers and made demand

for payments. The Retailers' Credit Association and their attorney are carrying on the collection of those accounts and when they wish any information or appearance in court I have to go there. My time is now only nominal so far as the receivership is concerned.

Q. What amount have you received in compensation for your services as receiver?—A. $40,500.

Q. That is the full total amount you have received?—A. That is the total amount.

Q. Did Judge Louderback receive one cent of that?—A. Not one cent.

Q. Did Mr. Short or anyone else except yourself receive a cent of it?—A. Not one cent.

Mr. LINFORTH. You may take the witness.

Cross-examination by Mr. Manager BROWNING:

Q. Mr. Hunter, what was the first position you held?—A. I was manager of the bank in Bisbee, Ariz.

Q. What was your salary?—A. I think it was $175 a month.

Q. That much per month?—A. That much per month; but the arrangement—may I enlarge upon that?

Q. Yes.—A. But the arrangement with the man for whom I worked gave us a great deal of outside work. I was traveling for him from time to time, and I think my income ran three, four, or five hundred dollars—trips into Mexico and various properties that he owned.

Q. What was the next position you held?—A. I had a position with the First National Bank of Berkeley.

Q. What was your salary there?—A. I do not recall what the salary was. I think it was three or four hundred dollars.

Q. What was the next position you held?—A. I was invited by Mr. Drum to become a vice president of the Mercantile Trust Co. I received, as I recall it, $1,000 a month and bonus.

Q. What did it all amount to?—A. I do not know; we will say $12,000 a year.

Q. What was the next position?—A. The next position I held I was with the Oakland Title & Trust Co., in charge of their investment company, making loans, appraising properties, and so forth.

Q. What was the salary?—A. If I remember correctly, $500.

Q. Per month?—A. Per month.

Q. What was the next position?—A. I took a receivership for the Security Bond & Finance Co. Then I went with the United——

Q. Just a moment. In that receivership you had a specified salary that you received as receiver?—A. Yes.

Q. What was that?—A. I do not know. I think it was around a thousand dollars a month.

Q. Was it not $450 a month? Do you not recollect that?—A. No; a thousand dollars a month, I am quite certain.

Q. How long did it run?—A. It is still running.

Q. Do you still receive a thousand dollars a month?—A. No; I have not received anything for 6 years.

Q. How long did your salary go on at that rate?—A. It only lasted while the receivership was running. I think I operated 14 ranches and various items, and I think—I do not know; 8 or 10 months, maybe 12.

Q. The assets gave out, did they?—A. They were not there, except the operation of the ranches, and getting crops, and so forth, off the ranches.

Q. What was the next position you held?—A. I was with the United Bank & Trust Co.

Q. What was your salary?—A. Five hundred dollars a month.

Q. And the next position you held?—A. With the San Francisco Stock Exchange.

Q. What was your salary there?—A. Seven hundred and fifty dollars a month.

Q. From there you went to Cavalier?—A. I went to Cavalier; yes, sir.

Q. At what salary?—A. At $600 a month, with the invitation to become a partner. Mr. Cavalier, as all brokers, did make an enormous sum of money; and to become a partner in a firm like that meant quite a bit.

Q. You did become a partner in William Cavalier?—A. I did not.

Q. Did you not remain on the building committee of the stock exchange as a partner of this firm?—A. No; I did not, Mr. BROWNING. One of the committee resigned. Mr. Schwartz put me on that committee. I was on the building committee, but I was not a partner of Cavalier at that time. The agreement—do you want me to give you the details?

Q. You need not do that; but Mr. Schwartz did understand at that time that you were a partner of William Cavalier, did he not?—A. I do not think so. I think he understood definitely that in 90 days I was to be considered and become a partner; but Mr. Cavalier did not want to make me a partner.

Q. When did you go with Cavalier?—A. In June 1929, as I recall.

Q. But you say you did not become a partner?—A. No; Mr. Cavalier did not want to put up the partnership papers at the end of 90 days. He had just joined the New York Stock Exchange and it is a very grueling examination, and he did not want to do it again; so he said, "Please do not make me do that at this time." At the end of the year the deal had changed. I was no longer to put up my capital and receive a salary, but all partners had agreed to have only a drawing account; so I decided that I did not want to become a partner, because I could see that my capital would not bring in a very large return; I would soon be eating up my capital.

Q. What was your drawing account then, after that new arrangement was made?—A. I was on salary, as I recall—$600.

Q. And at the time you were appointed receiver you were on that salary?—A. I was.

Q. You were devoting your full time to Cavalier & Co. at that time?—A. Surely.

Q. Cavalier & Co. had one of their partners as a member of the board of governors or directors of the stock exchange?—A. I had forgotten that he was a director until I heard the testimony yesterday, but he must have been.

Q. Mr. Hunter, you state, as I understand you, that the first you heard of the Russell-Colvin case was on the morning of the 11th of March, when you talked to Mr. Strong about it out at the Federal building?—A. I did not remember that he mentioned the case; but if he said he did, why, then, he did.

Q. But you remember it now, do you not?—A. I do not remember that he mentioned the name of the Russell-Colvin Co.

Q. But you so testified a few moments ago, did you not?—A. I testified with that qualification.

Q. Did you qualify it when you testified in chief here?—A. I thought I had.

Q. You also talked to Mr. Lloyd Dinkelspiel about it that day, and asked him the question what he was out there for, and he told you?—A. I do not recall talking to Mr. Lloyd Dinkelspiel, but that is immaterial. If he said I did, he probably remembers it. I do not.

Q. You testified before the committee when it was in San Francisco last September, I believe?—A. I did; yes.

Q. I will ask you if this testimony was given at that time——

Mr. LINFORTH. What page?

Mr. Manager BROWNING. On page 9 (reading):

Q. When you asked him about jury duty did you say that you were available for a receivership?—A. No; I didn't know there was a Russell-Colvin matter up at that time, as a matter of fact.

By Mr. Manager BROWNING:

Q. You gave that testimony?—A. Perhaps I had better mention whom I talked with. I was talking to Judge Louderback, was I not, at that time? Is not that the conversation you have reference to? I do not recall the statement.

Q. Yes.—A. It was Monday, the 10th, that I was impaneled as a juror. I talked to Judge Louderback that night. I do

not recall that I knew anything about the Russell-Colvin matter at that time. I think I read it in the papers probably the next morning.

Q. You are certain, now, that it was the 10th instead of the 11th that you talked to Judge Louderback?—A. Absolutely—absolutely. I remember it distinctly.

Q. What has refreshed your memory since you testified in San Francisco about that?—A. What was my testimony in San Francisco?

Q. That it was on the 10th or the 11th.—A. Well, is not that close enough?

Q. No; not close enough for the purposes of this case.—A. I did not think at the time that it was necessarily accurate. If the question had been put to me, "Was it on the 10th or the 11th?" I would have looked up my calendar and stated so. It was the night of the 10th that I talked to Judge Louderback. I remember it distinctly. I came in from the court, and Judge Louderback had stated on the stand that he regretted to force business men to do jury duty, and that if a man wished to get away and was not on duty, he would try to accommodate him.

Q. I have not asked you about the conversation; but I am asking you now if it was on the 9th, the 10th, or the 11th?—A. The 10th—Monday, the 10th.

Q. You have just stated that it was on the 9th or the 10th. Which one is accurate?—A. The 10th.

Q. Why did you say it was the 9th or the 10th just a moment ago?—A. I do not recall that I made the statement that it was "the 9th or the 10th."

Q. Or did you say "the night of the 10th"?—A. "The night of the 10th."

Q. I beg your pardon; I misunderstood you.

The first one that approached you about this matter was Mr. Sam Leake?—A. It was.

Q. Where was this?—A. In the lobby of the hotel.

Q. He came to you about what time of day?—A. Late in the afternoon, when I came home from work, as I recall.

Q. What was said between you and him in that conversation?—A. All that was said was, he asked me if I could act in the Russell-Colvin matter if Mr. Strong could not.

Q. That is all of the conversation?—A. No. He went on to tell me that the judge had told him that Mr. Strong had insisted upon having Heller, Ehrmann & McAuliffe as his attorneys, and that Judge Louderback felt that as long as Mr. Strong was auditor for the exchange and auditor for Russell-Colvin he should employ other counsel. He said that he had mentioned Short and Keyes & Erskine, as I recall.

Q. Did he not tell you then that the trouble arose because he would not select Short as his attorney?—A. I do not think Mr. Leake gave me that specific reason.

Q. Did you not understand from the conversation you had with him that that was the reason for his trouble with Mr. Strong?—A. No. I understood that Judge Louderback wanted him to select other attorneys than Heller, Ehrmann, McAuliffe & White.

Q. You did not testify to that conversation when we asked you about it in San Francisco; did you, Mr. Hunter?—A. I do not think I was asked about it.

Q. You do not think you were asked about it?—A. I do not think so; no.

Q. You were asked what transpired between you and Mr. Leake at that time; were you not?

Mr. LINFORTH. Just a moment. I submit that if counsel is to interrogate the witness about his testimony in San Francisco, the portion of it should be called to his attention. That investigation took place last September; and I think it is only fair to the witness, if he is to be interrogated about it, that the portion they claim should be called to his attention.

The PRESIDING OFFICER. The Chair is of opinion that counsel is well within the reasonable rule of cross-examination so far and he may proceed.

Mr. LINFORTH. Will the reporter read the question?

The PRESIDING OFFICER. The question will be read.

The Official Reporter read the question, as follows:

Q. You were asked what transpired between you and Mr. Leake at that time, were you not?

The WITNESS. May I see the record?

(The printed record was exhibited to the witness.)

The PRESIDING OFFICER. Proceed, gentlemen.

The WITNESS. Can you tell me where the item is that you refer to?

By Mr. Manager BROWNING:

Q. On page 7 and on page 9 you were questioned about what transpired in the conversation between you and Mr. Leake.—A. I do not find that reference there. Would it be possible for you to show it?

Q. In any event, after Mr. Leake told you that Judge Louderback had submitted Mr. Short's name to Mr. Strong and that there was difficulty between them over the selection of the attorney, what request, if any, did he make of you?—A. None at all.

Q. What suggestion did he make to you?—A. The only statement he made was that Judge Louderback had told him that he had suggested certain attorneys, among them Short and Keyes & Erskine.

Q. You have testified that he suggested Short, and now you testify that he suggested certain attorneys, and among them Short. Which is correct?—A. I think he mentioned attorneys.

Q. You think he did?—A. Yes. I am not certain about that.

Q. You are not certain about it?—A. Because it would probably not impress me, and it would impress me with Mr. Short or the firm of Keyes & Erskine.

Q. Did not Leake offer you the receivership at that time if you could take it?—A. Yes; he did. He asked me if I could act; in other words, if I could get leave of absence from the firm of Cavalier & Co.

Q. Did he suggest that you call up Cavalier?—A. No. I told him I would have to confer with Mr. Cavalier.

Q. When did you confer with Cavalier about it?—A. The next noon.

Q. You did not call him back the evening that he had mentioned this to you?—A. Yes; I did talk with Mr. Cavalier that evening.

Q. Did you call Mr. Leake back that evening and tell him that you would take it?—A. I did not. I did not tell Mr. Leake until the next afternoon, after 2 o'clock.

Q. Did Mr. Cavalier have any hesitancy about it when you talked to him that evening?—A. Mr. Cavalier is rather deaf, and in talking over the telephone he could not hear very well. He said, "Can't this wait until I come over tomorrow?" He said, "I will be over early, and we will discuss it"; and when he came over we did.

Q. What time that evening did you talk with Mr. Cavalier?—A. After dinner. I did not want to disturb him at dinner time. I think it was about 9 o'clock—8:30 to 9:30.

Q. When did you see Mr. Leake again after he asked you if you would accept this position?—A. I do not know when I saw him again. All I can remember is that I called him up the next afternoon.

Q. Where did you call Cavalier from?—A. A booth in the Fairmont Hotel.

Q. As soon as Mr. Leake had spoken to you about it?—A. No; I waited until after dinner that evening. Mr. Leakes had spoken to me about 4 or 5 o'clock in the afternoon, as I recall it.

Q. And then you talked to him again after dinner before you talked to Cavalier?—A. I do not recall; I may have. I do not recall.

Q. Did you call Mr. Sidney Schwartz up that night?—A. I called Mr. Sidney Schwartz the afternoon of the 12th, as I recall it. I think I had told Mr. Leake that I would act, and I talked to Mr. Sidney Schwartz.

Q. What time did you talk to Mr. Sidney Schwartz?—A. I do not know; sometime in the afternoon.

Q. At what time did you get back to the hotel when Mr. Leake mentioned this to you?—A. On the 12th? I am mixed

up on my dates again. It was the 13th that I talked to Mr. Schwartz. Your question threw me off. It was the day that I qualified as receiver, which was the 13th. I talked to Mr. Schwartz on that afternoon.

Q. What time in the afternoon?—A. Sometime after I came back from lunch, I assume around 2 o'clock, 2:30, 3 o'clock.

Q. What did you say to him at that time?—A. I said, "Mr. Schwartz, I have been asked to act as receiver in the Russell-Colvin matter. What do you think about it?" He said, "I would certainly take it."

Q. You did not ask him to recommend you?—A. I do not recall that I did. I heard his testimony the other day, and I am willing to grant that I may have talked, but I do not see why I should have asked him to recommend me when Judge Louderback had already asked me to serve. I do not think I needed any recommendation.

Q. Did you need any advice as to whether you should take it?—A. I discussed it with Mr. Schwartz to see what his reaction was. I had worked for him, and I wanted to get his ideas.

Q. Why did you call him?—A. Because I had been with him in the stock exchange.

Q. In fact, the information that was essential with regard to this receivership was that which you had dealt with in connection with the stock exchange largely, was it not?—A. May I have that question?

The Official Reporter read as follows:

Q. In fact, the information that was essential with regard to this receivership was that which you had dealt with in connection with the stock exchange largely, was it not?

The WITNESS. It was.

By Mr. Manager BROWNING:

Q. And the position required someone who was familiar with the working of the stock exchange?—A. There is some question but what that experience is of value, but I had already liquidated an investment house, Mr. Browning, which brought up a great many of these problems.

Q. That, I understood, was just a few ranches.—A. No; there were pledges and repledges, but everything was doubly borrowed on.

Q. Did you go to see Schwartz in person?—A. Not that afternoon.

Q. When did you go to see him?—A. I saw him, I think, a day or two after that, probably on Montgomery Street.

Q. Not in his office?—A. I do not recall going to see him in his office. I have been in his office many times, and I may have gone to see him, but I do remember seeing him on Montgomery Street.

Q. Was that the next day after the telephone conversation with him?—A. I would not say that it was the next day, but it was the next day or two.

Q. In your testimony in San Francisco you did not mention the fact that you had gone to Mr. Leake's room on the night of the 13th to do your telephoning, did you?—A. I did not go there to do my telephoning.

Q. I understood you to testify a few moments ago——A. I did telephone from there.

Q. What did you go there for?—A. I went there to tell him that I had been out to the court and qualified as receiver.

Q. At that time you and he discussed the attorneyship, did you not?—A. No.

Q. Did you call Short from there?—A. I did.

Q. It was an out-of-town call?—A. It is.

Q. At 471 Woodside?—A. I do not remember the call number.

Q. Did you talk to Mr. Leake about any attorney there at all at that time?—A. No; except that I was going to call Mr. Short up and ask him to meet me the next morning.

Q. You did not have any conversation with him before you told him what you were going to do?—A. You mean in regard to the attorneys?

Q. Yes; with regard to the attorneys.—A. No.

Q. The first time you talked to Short about employing him as counsel in the case was from Leake's room?—A. Absolutely.

Q. You were not in Leake's room the night of the 11th of March?—A. I think not. I think that night of the 13th was the first time I was ever in Mr. Leake's room.

Q. You did not call Mr. Short from Mr. Leake's room on the night of the 11th?—A. No; I only talked to Mr. Short once.

Q. You employed Mr. Short as your counsel in this case?—A. I employed what I thought was Keyes & Erskine.

Q. I will read to you from your testimony on page 7, as given in San Francisco:

Q. When did you make the selection of your attorney?—A. That night I called him up and asked him if he were willing to handle this case.

Q. To act as your counsel?—A. To act as my counsel, and that I wanted to know if he would be there the next morning at 8:30.

That is correct, is it?

The WITNESS. That is substantially correct.

Mr. LINFORTH. In order to be fair to the witness should not counsel read the next two questions on that page on the same subject?

Mr. BROWNING. Mr. President, we propose to conduct the cross-examination in our own way.

The PRESIDING OFFICER. Counsel will proceed.

By Mr. BROWNING:

Q. At that time, Mr. Hunter, you were friendly with Mr. Leake?—A. I would not say friendly; no.

Q. How long had you known him?—A. I had known him in the hotel there for several years, he and his wife.

Q. Did you ever loan him any money?—A. I never have. I thought he was a man that had money. I did not know, until the testimony was given there, that he was in hard straits.

Q. Did he ever make any solicitation from you for contributions or loans?—A. None whatever.

Q. After this receivership appointment, you did get very friendly with him, did you not?—A. I would discuss certain legal fights that we were having at that time; yes. We were having a great many legal fights over the Consolidated Paper Box.

Q. Was Mr. Leake a lawyer?—A. No; he was not a lawyer.

Q. What was his profession or occupation?—A. He has testified that he is a healer.

Q. And you discussed with him, as a healer, the legal phases of your receivership. Is that right?—A. Oh, no; only casual conversations of what was going on in the receivership.

Q. Why do you confine it to the legal phases of the receivership when you say that you discussed with Mr. Leake matters pertaining to it?—A. Because those fights that we had in the court were brought up in the papers. There were a great many articles appearing in the papers as I recall it.

Q. To what fights do you refer?—A. With Mr. Blumberg, to deliver the securities in the Consolidated Box to Mr. Spiegelman.

Q. That was not in court, was it?—A. It was certainly in court.

Q. You mean that you had litigation over it in court?—A. No litigation, no; but I had sold the securities to Mr. Spiegelman. Mr. Blumberg refused to let me go through with the deal. Do you mind if I go into detail?

Q. I do not think it is necessary. We are not asking you for the details of that, but we will get to it in a moment.—A. All right.

Q. I call your attention to your testimony at the bottom of page 8, in which the question was asked:

Q. Are you very friendly?

Referring to you and Mr. Leake. The answer was:

A. We were not, up to the time I was appointed. Since then I have talked to him quite a little bit.

The WITNESS. That is true.

Q. Was Mr. Leake interested in all these receivership matters?—A. Only as perhaps an old man who sits around the lobby with not a great deal to do.

Q. Did you talk to him about anything else except these receiverships?—A. These receiverships?

Q. Yes; these matters in this receivership.—A. I think not.

Q. You testified also about the Consolidated Box matter in San Francisco last September?—A. Yes.

Q. From page 17 I read you this testimony which you gave:

A. Consolidated Box was a merger of many paper box companies of this city. I looked it up the other day, and found the cost of those companies were very much understated, showing they had averaged about $500,000 for their profit.

Q. Water?—A. Water—and sold as securities to the public.

Q. Now, did you work out satisfactory arrangements with those people which were going concerns?—A. The partners, before the receivership was appointed, had sold the control of that company for $7,246.

Q. And you, as receiver, what did you do with it, how much did you get for the estate?—A. I refused to go further with the sale. I worked up a sale with a man by the name of Spiegelman, and got him to make an offer. It represented something like $130,000, against the $7,200 that was the original sale. I felt this, that there was $85,000 in machinery that the original purchaser would not make an offer for, and there were almost $300,000 in bonds that I would never be able to sell, once I forced it into his deal. We worked up that deal, and I had great difficulty. The offer was made subject to the pledge of the purchaser to place four directors on the board. The directors that were on the board, and the president, would not get off, and I held Mr. Spiegelman to it, until I finally forced the deal with the president and all the directors that were on the board.

Q. What is the net of the deal as against the first offer?—A. It netted the estate approximately $125,000 against $7,200.

Q. You felt you earned your commission on that deal, didn't you?—A. I certainly did.

Mr. Hunter, you knew at that time that this $7,200 only represented the stock itself, which was not voting power, and did not represent the assets of that concern, did you not?—A. Mr. Browning——

Q. I ask you to answer whether you did know at that time?—A. I never considered——

Mr. Manager BROWNING. Mr. President——

The WITNESS. The stock alone in this deal——

Mr. Manager BROWNING. Mr. President, I except to his reply, and ask that he answer that "yes" or "no."

The PRESIDING OFFICER. He can answer "yes" or "no", and then make any explanation he desires to make.

The WITNESS. May the question be read?

The Official Reporter read as follows:

Q. Mr. Hunter, you knew at that time that this $7,200 only represented the stock itself, which was not voting power, and did not represent the assets of that concern, did you not?

The WITNESS. Yes; that is true.

By Mr. Manager BROWNING:

Q. And yet you stated in that, that instead of $7,200, you received $130,000 for it?—A. For the machinery and for the bonds which I detailed above.

Q. But at that time you did not make the difference between the two. You said that instead of $7,200, you received $130,000 for it, did you not?—A. I do not think the record is correct in that statement.

Q. You do not think it is correct?—A. No; I do not think it is correct. I must have put in there—I qualified my remark in the beginning that the deal was for the control, that it did not include the machinery, which was worth $85,000, and it did not include the $300,000 bonds.

Q. Do you say that the stenographer left that out of the original testimony?—A. I would say he did. He misunderstood my testimony.

Q. Is it your opinion that the report is not correct at that time?—A. The testimony as recorded is not correct.

Q. But you at that time were undertaking to show to the committee that you made your salary in that transaction, were you not?—A. I certainly did.

Q. You tried to leave that impression at that time?—A. Absolutely, and I think I did.

Mr. Manager BROWNING. Mr. President, I understood the Senate desired to suspend at 2 o'clock. I beg to ask if that is the program.

The PRESIDING OFFICER. The Chair has no official information to that effect.

RECESS

Mr. KING. Mr. President, I think it is desired that the Senate, sitting as a Court of Impeachment, take a recess until 10 o'clock tomorrow morning in order that the Senate may proceed to the consideration of legislative business.

Mr. McNARY. That is the understanding we had yesterday with the Senator from Arkansas, that at this hour we would take up the Glass banking bill, which is the unfinished business, and would return to legislative session.

Mr. KING. In view of that understanding, I ask the managers representing the House and counsel representing the respondent, whether it would be agreeable for the Court of Impeachment to take a recess until 10 o'clock tomorrow morning?

Mr. Manager BROWNING. That would be entirely satisfactory to us.

Mr. KING. I, therefore, move that the Senate sitting as a Court of Impeachment take a recess until tomorrow morning at 10 o'clock.

The motion was agreed to; and (at 2 o'clock p.m.) the Senate sitting as a Court of Impeachment took a recess until tomorrow, Saturday, May 20, 1933, at 10 o'clock a.m.

LEGISLATIVE SESSION

The Senate, pursuant to the order for a recess entered yesterday, resumed legislative session.

CALL OF THE ROLL

Mr. KING. I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum being suggested, the clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Kendrick	Robinson, Ark.
Ashurst	Cutting	Keyes	Robinson, Ind.
Austin	Dale	King	Schall
Bachman	Dickinson	La Follette	Sheppard
Bailey	Dieterich	Lewis	Shipstead
Bankhead	Dill	Logan	Smith
Barbour	Duffy	Lonergan	Steiwer
Barkley	Erickson	Long	Stephens
Black	Fess	McAdoo	Thomas, Okla.
Bone	Fletcher	McCarran	Thomas, Utah.
Borah	Frazier	McGill	Townsend
Bratton	George	McKellar	Trammell
Brown	Glass	McNary	Tydings
Bulkley	Goldsborough	Metcalf	Vandenberg
Bulow	Gore	Murphy	Van Nuys
Byrd	Hale	Neely	Wagner
Capper	Harrison	Norris	Walcott
Caraway	Hastings	Nye	Walsh
Carey	Hatfield	Overton	Wheeler
Clark	Hayden	Patterson	White
Connally	Hebert	Pittman	
Coolidge	Johnson	Pope	
Costigan	Kean	Reed	

The PRESIDING OFFICER. Eighty-nine Senators have answered to their names. A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed, without amendment, the joint resolution (S.J.Res. 50) designating May 22 as National Maritime Day.

The message also announced that the House had insisted upon its amendments to the bill (S. 753) to confer the degree of bachelor of science upon graduates of the Naval Academy, disagreed to by the Senate, agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. VINSON of Georgia, Mr. DREWRY, and Mr. BRITTEN were appointed managers on the part of the House at the conference.

ENROLLED JOINT RESOLUTION SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled joint resolution (S.J. Res. 50) designating May 22 as National Maritime Day, and it was signed by the Vice President.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS AND JOINT RESOLUTION

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following joint resolution and acts:

On May 3, 1933:

S.J.Res. 13. Joint resolution authorizing the Attorney General, with the concurrence of the Secretary of the Navy, to release claims of the United States upon certain assets of the Pan American Petroleum Co. and the Richfield Oil Co. of California and others in connection with collections upon a certain judgment in favor of the United States against the Pan American Petroleum Co. heretofore duly entered.

On May 18, 1933:

S. 7. An act providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska; and

S. 1582. An act to amend section 1025 of the Revised Statutes of the United States.

REGULATION OF BANKING

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (S. 1631) to provide for the safe and more effective use of the assets of Federal Reserve banks and of national banking associations, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes.

Mr. GLASS. Mr. President, by agreement we are to proceed with the consideration of Senate bill 1631, known as the "banking reform bill." This bill, Mr. President, with certain modifications is the bill which was presented at the last session of the Senate by an almost unanimous vote of the Banking and Currency Committee and which passed this body by a vote of 54 to 9. I apprehend that there is no great need for me to traverse the major provisions of that bill, which, I take it, are rather familiar to the Senate. Therefore, I shall confine myself today chiefly to a brief exposition of those major alterations in the bill which are of large importance to the banking community and to the country.

There is one omission in Senate bill 1631 which appeared conspicuously in the bill passed by the Senate at the last session. The Senate will recall that we omitted the Secretary of the Treasury from membership on the Federal Reserve Board. The reasons then given for that action may be in a few sentences repeated today. The Federal Reserve Banking System was set up for the purpose of responding to the business, industrial, and agricultural requirements of this country. It is owned exclusively by the member banks, frequently spoken of as the "stock-holding banks." In short, the individual banks of the Federal Reserve System own the 12 Federal Reserve banks in substantially the same sense that the stockholders own the individual banks.

It was never intended that the Federal Reserve Banking System should be used as an adjunct of the Treasury Department, and particularly was it never contemplated that it should be so used to such an extent as recently has been done as very materially to curtail the abilities of the Federal Reserve banks to serve the business interests of the country. There has not been a bond issue floated by the Government of the United States since the beginning of the World War up to within 2 weeks ago that was not floated through the agencies of the Federal Reserve Banking System. Of that the friends of the System do not complain, because its agencies were so widespread and complete that it would have been difficult to float a Federal bond issue without the immediate and active assistance of the Federal Reserve Banking System. But in latter years the Federal Reserve banks notably and the member banks of the System substantively have been compelled to subscribe to the issues of United States bonds. I say "compelled" in the sense that it was regarded as dangerous for a member bank or for a Federal Reserve bank to decline to take its allotment of Federal Reserve securities, whether long-time bonds or Treasury notes, as apportioned by the Secretary of the Treasury.

I think I speak accurately and advisedly when I say that no issue of Federal Reserve securities for 2 years has been placed with private industries or estates. The major part of those issues has been taken by the Federal Reserve banks or the member banks. That largely means in time of stress that these banks just in that measure are disqualified from responding generously and liberally to the requirements of commerce, industry, and agriculture.

That has largely been done, your committee think, through the dominating influence of the Secretary of the Treasury as a member of the Federal Reserve Board. I know from actual experience and intimate observation that the Secretary of the Treasury does exercise a dominating influence in that Board. The distinguished junior Senator from California [Mr. McAdoo] knows that, because he was once Secretary of the Treasury. I know it because I was once Secretary of the Treasury. But he was there and I was there in times of great stress. He was there during the war, and I was there in the post-war period when the problems were not less grave than during the war. It was essential, it was imperative, that the Federal Reserve Banking System should coordinate its activities with the activities of the Treasury Department. The life of the Nation depended upon it. But that is not so 15 years after the war terminated. The Federal Reserve Banking System should not have been made the foot mat of the Treasury Department in all those years.

That statement of the reasons why we eliminated the Secretary of the Treasury from the Board in the bill passed by the Senate 54 to 9 will cause Senators to wonder why we did not persist in that action, as we have not done it in S. 1631. It was the unanimous judgment of your subcommittee that that official should be eliminated. We had not one single dissent from that view in the general committee. That provision of the previous bill is not included in this bill only by reason of the fact that the Secretary of the Treasury seemed to regard it as a personal affront to him and as a curtailment of his power which ought not to be made at this particular time. Therefore, we have omitted that provision of the bill. There may be a proposal to restore it, in which event I could not conscientiously oppose.

The main purpose of the bill as passed by the Senate last spring, as Senators will recall, was to prevent, under penalty, the use of Federal Reserve banking facilities for stock-gambling purposes. I use that term in its harshest sense, realizing that it touches the sensibilities of a great many people who persist in calling it "stock-investment purposes." But it is not stock-investment purposes because no man ever yet invested his money and found it necessary to keep his ear to the ticker to find out what was going to be the price of stocks the next hour or day or week or month. It is nothing in the world but pure gambling just as much as that at Monte Carlo. The New York Times, priding itself as an organ of the interests, or a spokesman of the interests, stated that 90 percent of the activities of the stock exchange in 1928 and 1929 consisted just as much in gambling as betting on the arrow of the roulette table. The bill as passed by the Senate undertook, under moderate penalty, but I think effective penalty, to put a stop to that sort of thing, and so does this bill.

The bill as passed by the Senate last spring required the separation of investment affiliates from member banks of the Federal Reserve Banking System, investment affiliates that were the largest contributors, next to the gambling on the stock exchange, to the disaster which was precipitated upon the country in 1929. They never had a day of legal existence. It will be recalled that I resurrected here from a 20 years' sleep the opinion of Solicitor General Lehman, one of the greatest lawyers who ever honored that position, pointing out to the Attorney General and to the President with the approval of the Attorney General that they

had no legal existence and ought not to be continued in operation. That opinion in a mysterious way lay disregarded in some official archive and was only resurrected by me at the last session of the Senate. We include that provision in the bill.

Another important provision of the bill last spring related to a separation, in a sense, perhaps I should more properly say a moderation, of the practice of commercial banks underwriting investment securities.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER (Mr. McKELLAR in the chair). Does the Senator from Virginia yield to the Senator from Nebraska?

Mr. GLASS. I yield.

Mr. NORRIS. Before the Senator leaves the question of affiliates, unless he expects to return to it, I should like to ask him a question in regard to it.

Mr. GLASS. Yes; I should be glad to have the Senator do so.

Mr. NORRIS. Under the present bill, how much time is allowed for the separation of affiliates from the banks?

Mr. GLASS. The Senator will recall that in the previous bill, yielding somewhat to the persistent and pestiferous activities of lobbyists, we permitted 5 years for the separation. In this bill we permit only 2 years, and some of us think that 1 year is ample.

Mr. NORRIS. That brings me to the question that I want to ask the Senator. Why is not 1 year long enough? It seems to me even that is too long. I cannot understand why they should be given a longer time. There may be some reason for it. I remember the discussion that took place last year. I was sorry that the Senator yielded.

Mr. GLASS. The Senator can get that answer only from those lobbyists who sought to wreck the bank bill at the last session of Congress by pretending to be hostile to a provision that had no relation to the affiliates.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. GLASS. Certainly.

Mr. ROBINSON of Arkansas. Is it true that some of those institutions which opposed the 3-year limitation for the separation of affiliates from the parent institution subsequently took steps to bring about the separation of their own initiative?

Mr. GLASS. Several of them have separated from their affiliates. Right on that point, while it comes to my mind, I will say to the Senator from Arkansas, in verification of my prediction last spring that if there were profits in that business there would be no trouble in organizing separate and exclusive investment banks, that I note from the New York papers of day before yesterday that the Chase National Bank, having discarded its affiliates, many of the capitalists which had been associated with the activities of the affiliates immediately proposed to organize a separate investment house; and that will be so if this bank bill is passed.

Mr. NORRIS. Mr. President, the Senator mentions the Chase National Bank, and the separation of its affiliates. As I remember, getting my information from the newspapers, they required no time whatever. I wish the Senator would discuss that proposition. What is the reason given for time to separate an affiliate from the parent bank? The Chase National Bank, as I understand, did it without any time whatever.

Mr. GLASS. The only reason given the Banking and Currency Committee, both publicly and privately—and very persistently privately—was that it would require that length of time to readjust their affairs. I do not think that is so. The fact that the Chase National Bank—the largest commercial bank in the world, I think—has discarded its affiliate, indicates that it does not require that length of time. We have modified that provision of the bill, however, changing it from 5 years to 2 years, rather with the expectation, if not the confident hope, that the other branch of Congress or the Senate may reduce it to 1 year. But these affiliates, I repeat, were the most unscrupulous contributors, next to the debauch of the New York Stock Exchange, to the financial catastrophe which visited this country and was mainly responsible for the depression under which we have been suffering since. They ought to be separated, and they ought speedily to be separated, from the parent banks; and in this bill we have done that.

There was another more or less important provision of the bill passed last spring which is retained in text in this bill, relating to branch banking. It will be recalled that, as reported from your Banking and Currency Committee, the provision authorized national banks to engage in branch banking in the respective States, regardless of State law. The Senate so amended that provision as to authorize national banks to engage in branch banking in those States which by law permit branch banking to State banks. It went even farther under the amendment of the distinguished Senator from New Mexico, and required that the establishment of branch banks by national banks in States which by law permit branch banking should be under the regulations required by State law of State banks.

How any fair person may properly object to a provision of that sort, I do not understand. We here in the Congress created the national banking system in the emergency of the Civil War. We here restrict it and regulate it. We here legislate for the national banking system; and why anybody should object to putting national banks on a plane of competitive equality with State banks in the respective States we have been unable to understand. Therefore, we have included that provision in this bill just as it passed the Senate.

There was an exceedingly important and, we thought, an imperative provision of the bill passed last spring, known as the "liquidating provision", creating a liquidating corporation for the speedy settlement of the affairs of closed banks. Had that bill become law there would have been released hundreds of millions of dollars that were then, and are now, tied up in closed banks. We provided for quick receiverships, and for either the purchase of the assets of a closed bank or loans to receivers to facilitate and determine the affairs of the banks, so that the depositors might receive their money. The bill did not become law, and there are still hundreds of millions of dollars—more than a billion dollars—tied up in closed banks.

We have embraced in S. 1631 a part of that provision which authorizes quick receiverships and prompt liquidation of closed banks; but we have greatly elaborated that provision of the bill, and the elaboration occupies about 34 pages of this bill, running from page 16 to page 48. We have elaborated it by providing for the insurance of deposits in the member banks of the System. Just as in the provision relating to the liquidating corporation in the last bill, we set up a capital structure of approximately a half-billion dollars, derived in part from a subscription of $150,000,000 from the Federal Treasury, which some of us wanted to regard as a recapture of funds which we did not think ever should have gone to the Federal Treasury from the earnings of the Federal Reserve banks; but the Senate modified that provision so as to require that it should be a subscription to the stock of this liquidating corporation, and we have so regarded it in the structure here.

We take about $175,000,000 from the surplus fund of the Federal Reserve banks. That, of course, encountered some remonstrance from the Federal Reserve authorities, with which, I must confess, I have little patience; for a banking system that could choke itself up with nearly $2,000,000,000 of United States securities, not one dollar of which it had any use for, could well afford to subscribe to a capital structure of this kind in order to insure the quick liquidation of closed banks, and in order, as under this bill, further to insure the deposits in member banks of the System.

Then it is computed that we will provide another $175,000,000 by an assessment of one half of 1 percent upon the demand and time deposits of the member banks of the System. Of course, that encountered remonstrance. In the 32 years that I have been dealing with banking matters I have dealt chiefly with remonstrances, and particularly from bankers. I think that is a fair assessment. The Sen-

ate should distinguish it from the proposed guaranty by the Government of bank deposits, because it is not that at all. It is merely an insurance of deposits, I think framed in a very cautious and effective way.

Mr. COSTIGAN. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Virginia yield to the Senator from Colorado?

Mr. GLASS. I yield to the Senator.

Mr. COSTIGAN. It was my misfortune, for unavoidable reasons, not to be in attendance on the Banking and Currency Committee when the sections now being discussed were under consideration. I rise, therefore, to request information.

I have before me an editorial of the Philadelphia Record of May 15 of this year, in which the following sentence appears:

> The Glass Bill would limit the guaranty to members of the Federal Reserve System, and would undoubtedly result in the closing of all nonmember banks.

Will the Senator from Virginia, at the appropriate place in his remarks, be good enough to comment on that statement?

Mr. GLASS. No place could be more appropriate than this. In answer to the Senator's question, I will say that it simply is not true.

Mr. KING. That is not a comment. It is a denial.

Mr. GLASS. The comment will follow the denial.

The Senator will note, on page 22 of the bill, subsection (f), as follows:

> (f) Any State bank or trust company which has applied for membership in the Federal Reserve System or for conversion into a national banking association may, with the consent of the Corporation, obtain the benefits of this section, pending action on such application, by subscribing and paying for the same amount of stock of the Corporation as it would be required to subscribe and pay for upon becoming a member bank. Thereupon the provisons of this section applicable to member banks shall be applicable to such State bank or trust company to the same extent as if it were already a member bank: *Provided*, That if the application of such State bank or trust company for membership in the Federal Reserve System or for conversion into a national banking association be approved and it shall not complete its membership in the Federal Reserve System or its conversion into a national banking association within a reasonable time, or if such application shall be disapproved, then the amount paid by such bank or trust company on account of its subscription to the capital stock of the Corporation shall be repaid to it and it shall no longer be subject to the provisions or entitled to the privileges of this section.

Mr. COUZENS. Mr. President, will the Senator yield at that point?

Mr. GLASS. I yield.

Mr. COUZENS. I was going to ask what the effect would be upon the community or the bank itself should an application be denied? The application would have to be approved, of course, by the Federal Reserve System.

Mr. GLASS. Very likely the effect would be disastrous to that particular bank. But if a bank of that description should be permitted to continue in business, and to receive deposits of innocent people, what would be the effect upon the community when inevitably it would fail?

Mr. COUZENS. Does the Senator ask me that question?

Mr. GLASS. Yes.

Mr. COUZENS. The answer to that question is that the bank should not have been operating at the time the application was made, because the application and rejection thereafter has a worse effect than if no application had been made or if the bank had been closed under normal conditions.

Mr. GLASS. But the Congress cannot control that situation. Congress cannot control the operation of State banks. Certainly the Senator would not want to take the funds of the Federal Reserve Banking System and guarantee the deposits of nonmember banks without such an examination as is required for membership in the Federal Reserve Banking System.

Mr. COUZENS. The Senator is quite right, but I raise the question whether or not it is advisable to permit even a temporary guaranty during the examination, but should we not rather require the examination before the application is made? In other words there is an interim between the application and the rejection which I think is a dangerous period.

Mr. GLASS. How would we proceed to make an examination of a State bank which does not apply for membership in the Federal Reserve System? We have no authority to do that whatsoever.

Mr. COUZENS. I quite agree, but a reading of the section clearly indicates that there is an interim between the time of the application and the decision when the public has a right to assume that the deposits are guaranteed.

Mr. GLASS. That is also so in the ordinary process of applying for and either granting or rejecting applications for membership in the Federal Reserve Banking System. The Federal Reserve authorities could not know what banks to examine unless they should apply for membership.

Mr. COUZENS. If the Senator will yield further, I may point out that the average depositor is not much concerned about whether a bank is a member of the Federal Reserve System or not, but I submit that the depositor is very much concerned about whether his deposits are guaranteed, and I submit that language in the measure provides for a period when the depositor believes that his deposits are guaranteed, and afterwards upon examination by the Federal Reserve System he finds they are not guaranteed, which makes the system worse confounded.

Mr. GLASS. Mr. President, I think a great service will have been done to the business community if a bank is in such bad shape that, after being put upon a year's notice or preparation, it applies for membership in the Federal Reserve System, and it is in such a rotten shape that it cannot come into the System. I think it ought to be closed up.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. GLASS. I yield.

Mr. NORRIS. What would be wrong in providing by law that the deposits in this State bank which applies for membership should not be guaranteed, or insured, rather, by the corporation until after they had been admitted; and let the action of admitting them or rejecting them follow the examination, rather than to have them included arbitrarily under this insurance?

Mr. GLASS. There would not be anything on earth wrong about it. It is a sound suggestion, and I would vote for that without the slightest hesitation. We provided it this way because so many bankers—I would not say so many bankers, but so many politicians—insisted.

Mr. NORRIS. Mr. President, I cannot understand why a bank applying for membership should by its application be entitled to the benefit of this insurance fund, when banks which are in, which have been examined and admitted, would, in case of the failure of a weak bank or a bank that was corrupt, or something of that kind, see the money contributed by them going to make up the losses.

Mr. GLASS. Those who are insistent upon this provision would answer the Senate in this way: They would say that any bank that remained for any length of time from under the protection of this provision by applying for membership in the Federal Reserve System would lose all of its deposits.

Mr. NORRIS. That would be true in either case, if that reason is good, which I would not want to agree to a hundred percent. Assuming there is a bank which it might be known in advance it was not going to get into the System, a bank with which there was something wrong, which was insolvent, as a matter of fact, why should that bank, by simply making an application, get the benefit of this insurance fund and thus pay its liabilities out of a fund set up for honest banking?

Mr. GLASS. I proceed with the answer of those who advocate particularly this provision of the bill.

Mr. COUZENS and Mr. McADOO rose.

Mr. GLASS. Let me answer one Senator.

Mr. COUZENS. I did not ask the Senator to yield yet.

The PRESIDING OFFICER. Does the Senator from Virginia yield, and if so to whom?

Mr. GLASS. Just let me answer the Senator from Nebraska. There are thousands of sound State banks which

we think would apply immediately for membership in the Federal Reserve Banking System, and that would not involve any separation from their charter rights as a State institution. There has been some nonsensical talk about our trying to destroy the State banking system, which is not true. There are thousands of sound State banks which would want to apply immediately for membership in the Federal Reserve Banking System. They could not come in without examination and attestation, which would take a considerable period of time. Some have estimated it as 6 months, some have estimated it as long as a year, to make these examinations and attestations. The answer of the proponents of this proposition is that those sound, solvent State banks, desirable as members of the Federal Reserve System, or desiring to become members of the Federal Reserve System, ought not to have their deposits jeopardized in the interim.

Now I yield to the Senator from Michigan.

Mr. COUZENS. I was going to ask the Senator, then, as long as this insurance is to be postponed for some 13 months or more, is there any reason why these sound State banks should not get under cover before July 1, 1934?

Mr. GLASS. None in the world, in my view of it.

Mr. COUZENS. Then we ought to change that provision in the measure, making that effective, rather than giving this interim between the application and the examination and admittance.

Mr. GLASS. My own judgment is that it would require that length of time, not to prepare these sound, solvent State banks, but it would require that length of time for many weak banks which could not now become members of the Federal Reserve Banking System, to so alter their establishments as that they could eventually become members of the Federal Reserve Banking System and come under the provisions of this insurance.

I think I violate no confidence when I say that the President who, at the beginning, was very much opposed to any insurance of bank deposits at all, very earnestly advocated that provision of the bill, and I do not think I reveal any secret in saying that the Secretary of the Treasury, who was and is utterly opposed to any insurance of deposits, was very insistent upon that provision. I must repeat that my own judgment is that there should be that lapse of time to give these weaker banks, not only the weaker State banks but the weaker member banks of the Federal Reserve Banking System, an opportunity to prepare to avail themselves of this insurance clause of the bill.

Mr. KING. Mr. President, will the Senator yield?

Mr. GLASS. I yield.

Mr. KING. Before the Senator leaves the insurance features of the bill, I hope he will be tolerant of some of us who have not had the opportunity of becoming fully acquainted with the bill—speaking for myself, anyway—if a question is asked which may not be very intelligent.

Mr. GLASS. I have boasted recently of being the most tolerant Member of the Senate.

Mr. KING. I had that in mind when I made the observation. I ask the Senator if there is not rather a shadowy difference between this insurance provision, so denominated, in the bill and the Oklahoma provision when they had the guaranty banking system. Here it is called "insurance"; there it was called "a guaranty." But from my very hasty examination of the bill—I have had only a few moments to examine this provision—it seems to me that the strong banks, the sound banks, are to carry the weak banks. If a fund were put up which would be available, and when exhausted that ended it, and no further liabilities would attach to the solvent and sound and well-managed banks so that they would not be called upon for assessments to handle the weak banks, it seems to me that there would be perhaps more reason for this provision. Yet I am very anxious to get the Senator's views.

Mr. GLASS. Is it not a fact that in matters of life insurance the strong and healthy men carry those who die? I think they do.

Mr. KING. May I say that, of course, in life we all die, but the presumption is that all bankers do not die, particularly as we give immortality to the Federal Reserve banks by changing the time when their charters were to expire and give them an eternal charter.

Mr. GLASS. We not only have not given immortality to the Federal Reserve banks, but I took occasion to tell the Secretary of the Treasury the other day that if they pursue present policies much longer they will literally wreck the Federal Reserve System; that Woodrow Wilson in history will enjoy the distinction of having set up a banking system that fought the war for us and saved the Nation in the post-war period, and if they keep on making a doormat of it this Congress will enjoy the distinction of having wrecked it.

Mr. KING. I agree with what the Senator says in his criticism of the administration of the Federal Reserve System, but what I had reference to when I spoke about immortality was the fact that we had repealed the old provision with respect to their charter and made them an immortal corporation.

Mr. GLASS. That is not any advantage particularly to the corporation and certainly no disadvantage to the Congress of the United States, because it is textually provided in the law that Congress may at any time amend, modify, or repeal the act.

Mr. KING. Mr. President, will the Senator yield to me further?

Mr. GLASS. Yes.

Mr. KING. I agree entirely with the Senator; but I alluded to immortality in order to show that there was a distinction between individuals who do die and banks, which are presumed, if they are managed properly, to have a very long duration of life.

Mr. GLASS. Let me say to the Senator that this is not a provision altogether for the weak banks; not by any means. It is an insurance to the entire banking community of the United States, because when weak banks begin to topple there takes place a disastrous psychology in the whole country that precipitates runs on strong banks that break them down.

Moreover, it has been suggested, right on this line, that this thing of strong banks having to stand for weak banks will lead to loose banking. On the contrary, in my opinion it will lead to the severest espionage upon the rotten banks of this country that we have ever had, because for the last 12 or 14 years we have not had any espionage upon them. What a spectacle is presented when the Comptroller of the Currency, under oath and obligation to enforce the law of inspection, of examination, comes before the Senate Banking and Currency Committee and tells us that if he had enforced the law, as was done now nearly 2 years ago, he would have closed half of the national banks in the United States. What does that mean? It is not an implication; it is an unavoidable and ascertainable fact. It means the Comptroller's office has not done its duty—its sworn duty—and has permitted this great number of banks to engage in irregular and illicit practices, with the result that they have endangered the whole banking community, and not only the whole banking community but have pretty nearly paralyzed the whole business community of this country.

If the Senator from Utah is a strong banker in Salt Lake City and I am a weak banker, engaging in illicit and irregular practices, and the Senator from Utah knows that he has got to bear a part of the burden of my irregular banking, he is going to report me to the Comptroller of the Currency and is going to insist that his examiners come there and do their duty; so that, so far from leading to loose banking, in my judgment, this proposition, if enacted, is going to lead to better banking.

Mr. McADOO. Mr. President——

The PRESIDING OFFICER. Does the Senator from Virginia yield to the Senator from California?

Mr. GLASS. I yield.

Mr. McADOO. May I suggest to my distinguished colleague from Virginia that there has been no insurance of bank deposits in this country ever, and if there has been loose banking or objectionable banking in the United States during the past 10 years without insurance, then can we not

expect that we may have better and improved conditions if we alter the system to this extent?

Mr. GLASS. I think that better banking is inevitable if we provide this insurance.

I am not standing here as an advocate. For 35 years in the other House, and up to this time in the Senate, I have opposed guaranteeing deposits, but this is not a Government guaranty of deposits. The Government is only initially involved to the extent of $150,000,000, to which it was never entitled except by law. It never earned a dollar of it. The Federal Reserve Banking System does nearly a million and a half dollars worth of free work for the Treasury Department for which it does not receive a thrip; and that does not include any contributions to the great buildings they have had to construct or to the overhead charges necessitated by the construction of those buildings. The Government is only involved in an initial subscription to the capital of a corporation that we think will pay a dividend to the Government on its investment. It is not a Government guaranty.

Mr. COUZENS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Virginia yield to the Senator from Michigan?

Mr. GLASS. I yield.

Mr. COUZENS. Will the Senator explain at that point that this insurance plan is not to be operated by the Government?

Mr. GLASS. No. It is to be operated by the Federal Reserve Banking System with no additional overhead charge.

Mr. COUZENS. That is the point I want to make plain, because there is a real and genuine difference between the operation of this insurance fund by the Government and by a private organization, known as the Federal Reserve System.

Mr. GLASS. A private organization in a large sense, and yet an organization that ought to be under the strict supervision of an altruistic Federal Reserve Board; and I say "ought to be" advisedly.

Mr. KING. Mr. President, will the Senator permit another inquiry?

The PRESIDING OFFICER. Does the Senator from Virginia yield further to the Senator from Utah?

Mr. GLASS. I yield to the Senator.

Mr. KING. In view of the question last propounded by the Senator from Michigan [Mr. COUZENS], I want to inquire of the Senator—and I apologize again for not having carefully read the bill—whether there is any language in this provision from which private persons may justly derive the impression that the Government is backing deposits in any way?

Mr. GLASS. There is no language in the bill that ought to cause any man of ordinary intelligence to think that the Government has anything further to do with it than its initial subscription of $150,000,000, which members of the committee regard as a recapture fund, something like the railroad funds that are not going to be recaptured.

Mr. KING. That question in part is prompted by reason of the fact that I have received, perhaps, hundreds of letters from persons who have invested in bonds issued by joint-stock land banks, and they insist that there is a moral, if not a legal, obligation upon the part of the Government to make good mistakes and defaults and delinquencies of those banks. I would not want anything to appear in the language of this provision from which it might be inferred that there was any Federal guaranty.

Mr. GLASS. No; the Government does not guarantee anything and the Government does not operate it; it is operated without cost within the Federal Reserve System.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Virginia yield to the Senator from Arkansas?

Mr. GLASS. I yield.

Mr. ROBINSON of Arkansas. I thank the Senator. Of course the Government does not guarantee either Federal land-bank or joint-stock land-bank bonds. The misapprehension to which the Senator from Utah has referred arises out of the fact that in connection with the tax-exempt provision in the land-bank bonds there is a declaration that the bonds are instrumentalities of the Federal Government. The framer of the act evidently thought that that would help to sustain the validity of the provision making the bonds tax-exempt; but the Government has never been liable under that provision.

Mr. GLASS. Mr. President, there is another major modification or addition to the Senate bill, in that we authorize mutual savings banks under certain regulations, clearly set forth in the bill, and what are known as "Morris Plan banks" to become members of the Federal Reserve Banking System and to come under this insurance clause.

Then another provision of the bill in which I should like to enlist the interest of the Senate particularly is a prohibition against the payment of interest on demand deposits by commercial banks. There are various reasons for that, some of them I think compelling. The payment of interest on demand deposits has resulted for years and years in stripping the country banks of all their spare funds, which have been sent to the money centers for stock speculative purposes. When we adopted the Federal Reserve Act and rescued the reserve funds or trust funds of the national banking system from the stock gamblers we had hoped that that would be a salutary lesson to all member banks of the system. We had hoped that they would be impressed by the fact that they were no longer in involuntary servitude to their correspondent banks and that they would deal with the regional reserve banks rather than with the banks in the money centers. But we have been disappointed in that respect. Bankers all over the country in every State I venture to say—I speak definitely of my own State—have what they call a "standard rate of interest", which is the limit of the law in the respective States; and they never depart from it, except in special cases and for large purposes. In other words, if the standard rate is 6 percent, as it is in Virginia, one never finds a bank in days of prosperity and one never finds a member bank of the system that ever lends the merchant or the manufacturer or an industry of any kind or the farmer at a less than a 6-percent discount rate. They give the foolish reason for that that if they ever once depart from the standard rate they cannot get back. Well, they can get back, and they can get back for exactly the same reason which induced them to depart. If they have abundant funds and credits they can lower the rate of interest in order to stimulate business and industry and farming activities.

If the demand is great and money is tight, they can go back to their standard rate just for the same reason or a like reason that actuated them in departing from it. But they do not do that. Bankers are the only people on earth that utterly disregard the law of supply and demand. They have their standard rates and stick to them, and would rather send their surplus funds to New York to be used for stock-gambling purposes at a wonderful rate of 2 percent, reduced now, I think, to 1½ percent, than to loan to their merchants and business men at less than their standard rates. So that this payment of interest, particularly on bank-demand deposits, has resulted in drawing the funds from the country banks to the money centers for speculative purposes, to be polite about the matter.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Virginia yield to the Senator from Nebraska?

Mr. GLASS. I yield.

Mr. NORRIS. Does the insurance provided for in the bill apply to time deposits the same as to demand or checking deposits?

Mr. GLASS. Oh, yes; it applies to all deposits.

We confide to the Federal Reserve Board authority which it does not now possess in this connection to regulate interest on time deposits in order to put a stop to the competition between banks in payment of interest, which frequently induces banks to pay excessive interest on time deposits and has many times over again brought banks into serious trouble. But that is a matter purely for regulation of the Federal Reserve Board.

We made a modification in the Postal Savings bank law under which practically a Postal Savings bank is not permitted to take a demand deposit. In other words, it has to be a time deposit. The deposit has to stay there for 60 days, and it may not be drawn out in less time if interest is to be collected.

We have embodied in the bill another rather controversial question. We did it in the original so-called "Glass bill" but we—I started to say we yielded to the importunities of the lobbyists from New York, but we did not exactly do that. [Laughter.] We regarded the bill without that of so much importance as that we thought it should pass and become a law, and we feared if we should retain that provision it would encounter—in fact we knew because it had already encountered—the bitter hostility of large private banking institutions of the country. Here we prohibit the large private banks, whose chief business is an investment business, from receiving deposits. We separate them from the deposit banking business.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDING OFFICER. Does the Senator from Virginia yield to the Senator from Arkansas?

Mr. GLASS. Certainly.

Mr. ROBINSON of Arkansas. That means if they wish to receive deposits they must have separate institutions for that purpose?

Mr. GLASS. Yes.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. GLASS. I yield.

Mr. NORRIS. What was the reason for changing the law in relation to deposits in Postal Savings banks to require the deposits to remain at least 60 days? Does the objection to the old law come from the Post Office Department, or the Government, or from the bankers?

Mr. GLASS. It is conceived, inasmuch as we had a prohibition upon the payment of interest on demand deposits by banks, that that would divert a considerable amount of funds from the commercial banks to the Postal Savings banks. It is proposed—in fact an amendment to the bill has already been printed, offered I believe by the junior Senator from Texas [Mr. CONNALLY]—to prohibit the payment of interest by Postal Savings banks. There can be no doubt in the world, certainly there is none in my mind, that the Postal Savings System has largely undermined commercial banking.

In putting restrictions upon commercial banks from underwriting and engaging in industrial business and in order to meet the contention that there was something of a deflationary nature about that provision in the bill, we inserted subsection (b), on page 73, providing that "the amendment made by this section shall not apply to such obligations of subsidiaries held by such association on the date this section takes effect", so it is not deflationary in any respect.

Being so unused to speaking after the fashion of lawyers and tolerating, as the Senator from Utah [Mr. KING] would say, so many interruptions, I do not know that I have given the Senate as comprehensive a view of the bill as it is entitled to have. But in any event, when we come to consider the bill for amendment, I shall hold myself in readiness to give any further explanation that I may and to answer any questions that may be propounded.

Mr. COSTIGAN. Mr. President, will the Senator yield?

Mr. GLASS. I yield.

Mr. COSTIGAN. The able Senator from Virginia referred a moment ago to the effect of Postal Savings deposits on commercial banking, indicating that to some extent those deposits have undermined commercial banking. May I ask whether the reason for the Senator's conclusion is that Postal Savings deposits are regarded by the public as guaranteed by the Government, and whether, if so, the Senator from Virginia feels that the insurance provision of his bill will tend to offset, so far as member banks are concerned, the public interest in Postal Savings deposits?

Mr. GLASS. I think in some measure that may result. The Senator will be astonished to know how many people there are in this world who think that a Government dollar is sort of a sanctified thing. We have that illustrated in what we call Federal aid through various agencies. It is not Federal aid at all. The Federal Government has not a dollar in its Treasury that it does not pick out of the pockets of the American taxpayers. That is where the Government gets its funds, and that is the only place that it can get its funds. But there are many people who think, for example, when the Federal Government took last year $109,000,000 in direct taxes out of the State of Virginia and brought that immense sum here and impounded it in the Federal Treasury, and then gave us two or three pitiful millions of dollars in aid of good roads and agricultural colleges, that Virginia is getting aid from the Federal Government, when the fact of the matter is that the Federal Government is first robbing Virginia. We have the only staple agricultural product on earth that is taxed to death by the Federal Government. The State of North Carolina, second to the great State of New York, as I recall, pays more than any other State in the Union in direct internal-revenue taxes—nearly $400,000,000, if not in excess of $400,000,000. Virginia last year paid $109,000,000 in Federal taxes, yet there are many foolish people who think, when we get a million or so dollars back to make a boulevard out of a hog path that we are getting aid from the Federal Government. [Laughter.]

We put a limitation upon the number of directors that a national bank may have. Heretofore these great banks have accumulated the names of great financiers, not one fifth of whom ever attend a meeting of the board of directors, but who are on the board just for the prestige it gives the bank. One bank in New York had 73 directors. It voluntarily reduced the number to 36, week before last, and we voluntarily propose to reduce it further to 25. We provide that no national bank may have more than 25 members on its board of directors nor less than 5.

Mr. TYDINGS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Virginia yield to the Senator from Maryland?

Mr. GLASS. I yield.

Mr. TYDINGS. I missed part of the Senator's speech, and if he has already commented on the point, I hope he will not comment on it further, because I shall read his remarks in the RECORD. But in case he has not already commented on it, may I ask if there is any relationship between the capital and surplus which a bank may have in comparison to its total deposits?

Mr. GLASS. No; there is nothing in the bill that touches that, though it is an important problem.

Mr. TYDINGS. May I also ask the Senator if there is any provision in the bill which would prohibit the holder of bank stocks from transferring his ownership therein to holding companies, and thereby escaping his double liability?

Mr. GLASS. I do not think any holder of national-bank stock may escape his liability. We deal with holding companies, and we deal with them so severely—but, I am frank to say, with their consent—that they expect to dissolve within the 5-year period given them; and if the branch-bank feature of the bill, attenuated as it is, passes the Senate, we hope to make them branches of national banks.

Mr. TYDINGS. Will the Senator yield further?

Mr. GLASS. Yes.

Mr. TYDINGS. I am not enough of an expert on banking to pass with any degree of definiteness upon the worth of a proposal that a bank should be limited in the extent of its deposits with reference to its capital and surplus. A great many thoughtful persons who have gone into the matter have suggested that bank deposits should not be more than 15 times the amount of capital and surplus. I was wondering whether or not the Senator at this time would care to express himself in favor or disfavor of an amendment designed to carry out that provision.

Mr. GLASS. I am not prepared to say that I would either support or oppose the amendment suggested by the Senator. I may say to the Senator that many thoughtful people have said to me that the ratio should be 10 to 1. In fact, unless I am greatly mistaken, the Comptroller of the Currency once told me that. I will say further to the

Senator, however, that we tried, as far as it was possible to do it, to omit highly controversial problems from the bill; and I rather think we have succeeded in doing that, except that I am told there is to be a good deal of discussion of the insurance-of-deposits provision of the bill.

There is one other feature of the bill of which I was about to speak, put in at the suggestion of the junior Senator from California [Mr. McADOO], relating to cumulative voting in boards of directors of national banks, designed to give, in case of controversy or division of interests, some representation to minority interests.

I think that about completes my exposition of the bill.

Mr. AUSTIN. Mr. President, will the Senator permit a question?

The PRESIDING OFFICER. Does the Senator from Virginia yield to the Senator from Vermont?

Mr. GLASS. I yield to the Senator.

Mr. AUSTIN. I should like to ask about the part of the bill which refers to branch banking in States whose laws permit branch banking. I observe that there is a proviso to this effect:

Provided, That in States with a population of less than 1,000,000, and which have no cities located therein with a population exceeding 100,000, the capital shall be not less than $250,000.

I should like to ask the learned Senator whether it would be within the spirit and purpose of this measure if there could be added another proviso to extend the benefits of this feature of the bill to smaller States; for example, a proviso that in States with a population of less than one half million, and which have no cities located therein with a population exceeding 50,000, the capital shall be not less than $100,000.

Mr. GLASS. Is that Delaware?

Mr. AUSTIN. I have in mind my own State—the State of Vermont.

Mr. GLASS. I should raise no objection to a proposition of that sort. I may say to the Senator that that proviso was incorporated in the bill by the former chairman of the Banking and Currency Committee, the Senator from South Dakota [Mr. NORBECK], who seemed to be opposed to branch banking, but wanted it if South Dakota might obtain it in that way. [Laughter.] The distinguished Senator from South Dakota is such a serious man that I almost regret that I said that in his absence, because I am afraid he might not take it in the vein in which I have stated the matter; but I will say to the Senator that I would have no objection to that.

Mr. President, I think I have about reached my limit in the explanation of the bill, but as we proceed with its consideration, I shall be glad to answer any questions that I can, reminding the Senate, if you please, that I am not a banking expert. Although people say I am, I am not; and I hope the questions will be as simple as possible.

Mr. VANDENBERG. Mr. President, I think perhaps the chief controversy respecting the unfinished business will rotate around the question whether it may not be possible to create at least a temporary formula for the temporary insurance of bank deposits immediately, pending the creation of the permanent structure as proposed in the bill on July 1, 1934.

I happen to be one of those who hold firmly to the view that there is no remote possibility of adequate and competent economic recuperation in the United States during the next 12 months, regardless of all the other splendid undertakings which may be under way, until confidence in normal banking is restored; and in the face of the existing circumstances I am perfectly sure that the insurance of bank deposits immediately is the paramount and fundamental necessity of the moment. Therefore I submit an amendment to the pending bill dealing with the creation of a temporary insurance formula immediately, expiring July 1, 1934, when the regular structure proposed by the pending bill becomes effective; and I ask that that amendment be pending when the unfinished business is again resumed for consideration.

The PRESIDING OFFICER. Without objection it is so ordered. The amendment will be printed.

THIRD DEFICIENCY APPROPRIATIONS—CONFERENCE REPORT

Mr. BRATTON. Mr. President, I send forward a conference report on the third deficiency appropriation bill, and ask for its immediate consideration without prejudice to the unfinished business.

The PRESIDING OFFICER. The Senator from New Mexico presents a conference report which will be read.

The legislative clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5390) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 10, 11, and 19.

That the House recede from its disagreement to the amendments of the Senate numbered 3, 4, 5, 6, 8, 9, 12, 15, 16, 17, 18, 21, 22, 23, and 25, and agree to the same.

Amendment numbered 13: That the House recede from its disagreemnt to the amendment of the Senate numbered 13, and agree to the same with an amendment as follows: Transpose the matter inserted by said amendment to precede line 1 on page 3 of the bill, amended to read as follows:

"BUREAU OF RECLAMATION

"Palo Verde Valley, Calif.: The unexpended balance of the appropriation of $50,000 for the protection of Palo Verde Valley, Calif., contained in the Second Deficiency Act, fiscal year 1932, approved July 1, 1932, shall remain available for the same purposes during the fiscal year 1934."

And the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment as follows: In line 1 of the matter inserted by said amendment strike out the words "War Department", and in line 5, after the figures "$3,632.14", insert the following: "in all, under the Treasury Department, $15,792.58"; and the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment as follows: in lieu of the last five lines of the matter inserted by said amendment insert the following: "Total, audited claims, section 4, $110,030.92."; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1, 2, 7, and 14.

SAM G. BRATTON,
CARTER GLASS,
KENNETH MCKELLAR,
FREDERICK HALE,
HENRY W. KEYES,
Managers on the part of the Senate.

J. P. BUCHANAN,
EDWARD T. TAYLOR,
W. A. AYRES,
JOHN TABER,
ROBERT L. BACON,
Managers on the part of the House.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

INVESTIGATION OF COTTONSEED INDUSTRY—FINAL REPORT

The PRESIDING OFFICER (Mr. MCKELLAR in the chair) laid before the Senate a letter from the chairman of the Federal Trade Commission, transmitting, pursuant to Senate Resolutions 136 and 147, Seventy-first Congress, first session, the final report of the Commission relative to an investigation of the charges that certain corporations, oper-

ating cottonseed-oil mills, are violating the antitrust laws with respect to prices for cottonseed and acquiring the ownership or control of cotton gins, which, with the accompanying papers, was referred to the Committee on Agriculture and Forestry and ordered to be printed.

PUBLIC UTILITIES IN THE DISTRICT

The PRESIDING OFFICER laid before the Senate a letter from the Chairman of the Public Utilities Commission of the District of Columbia, transmitting a proposed draft of legislation to amend an act entitled "An act to provide for the expenses of the Government of the District of Columbia for the fiscal year ending June 30, 1914, and for other purposes, approved March 4, 1913", and for other purposes, which, with the accompanying paper, was referred to the Committee on the District of Columbia.

PETITIONS AND MEMORIALS

The PRESIDING OFFICER laid before the Senate a resolution of the National Society of the Daughters of the Revolution, New York City, N.Y., opposing any reductions, temporary or permanent, in the active strength of the Regular Army or any curtailment in the training of the National Guard or in the support now extended to the organized reserves, R.O.T.C., or C.M.T.C., and also opposing every policy designed to weaken the national defense, which was referred to the Committee on Appropriations.

He also laid before the Senate resolutions adopted by the Commissioners Court of Henderson County, and the Chamber of Commerce of Huntsville and Walker County, in the State of Texas, endorsing the program of President Roosevelt and favoring the inauguration of a public-works program providing highway construction in the State of Texas, which were referred to the Committee on Finance.

He also laid before the Senate a letter from Samuel K. Taminosian, of Lincoln, Nebr., favoring an increase in passport fees by 10 percent of their total wealth to be assessed on all rich citizens going to France on pleasure trips, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a petition of sundry citizens of New Orleans, La., praying for a special senatorial investigation of alleged acts and conduct of Hon. HUEY P. LONG, a Senator from the State of Louisiana, which was referred to the Committee on the Judiciary.

Mr. SHEPPARD presented a communication from Dr. Alexander S. Garrett, of Weatherford, Tex., in reference to the production and use of tobacco, which was referred to the Committee on the Judiciary.

Mr. TYDINGS presented a memorial of sundry citizens of the State of Maryland, remonstrating against reduction by furlough or otherwise, in the officer or enlisted personnel of Army, Navy, or Marine Corps, suspension of the National Guard and Reserve Officers Training Corps training camps, and of Federal aid to military schools, and also opposing reductions in the pay of Army, Navy, or Marine Corps Air Service flying officers, which was referred to the Committee on Military Affairs.

MEMORIAL OF COLORADO LEGISLATURE—WATERS OF RIO GRANDE

Mr. COSTIGAN. Out of order, I send to the desk and ask to have lie on the table for appropriate reference a joint memorial of the Legislature of the State of Colorado with respect to the development and conservation of the waters of the Rio Grande Basin, in the States of Colorado, New Mexico, and Texas. The memorial incorporates a request for the immediate passage of an act by Congress.

(See joint memorial printed in full when laid before the Senate by the Vice President on the 8th instant, p. 2962, CONGRESSIONAL RECORD.)

INVESTIGATION OF SALE OF MILK AND DAIRY PRODUCTS IN THE DISTRICT

Mr. KING, from the Committee on the District of Columbia, submitted a report (No. 78) to accompany the resolution (S.Res. 76) to investigate conditions respecting the sale and distribution of dairy products in the District of Columbia, heretofore reported by him from that committee without amendment.

REPORTS OF THE COMMERCE COMMITTEE

Mr. SHEPPARD, from the Committee on Commerce, to which were referred the following bills and joint resolution, reported them severally without amendment and submitted reports thereon:

S. 1562. An act granting the consent of Congress to the Levy Court of Sussex County, Del., to reconstruct a bridge across the Deeps Creek at Cherry Tree Landing, Sussex County, Del. (Rept.No. 79);

H.R. 5152. An act granting the consent of Congress to the State Highway Commission of Virginia to replace and maintain a bridge across Northwest River in Norfolk County, Va., on State highway route no. 27 (Rept.No. 80);

H.R. 5173. An act granting the consent of Congress to the State Highway Commission of Virginia to maintain a bridge already constructed, to replace a weak structure in the same location, across the Staunton and Dan Rivers, in Mecklenburg County, Va., on United States Route No. 15 (Rept. No. 81);

H.R. 5476. An act to extend the times for commencing and completing the construction of a bridge across the Savannah River at or near Burtons Ferry, near Sylvania, Ga. (Rept.No. 82); and

H.J.Res. 159. Joint resolution granting the consent of Congress to a compact or agreement between the State of Kansas and the State of Missouri authorizing the acceptance for and on behalf of the States of Kansas and Missouri of title to a toll bridge across the Missouri River from a point in Platte County, Mo., to a point at or near Kansas City, in Wyandotte County, Kans., and specifying the conditions thereof (Rept.No. 83).

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on May 18, 1933, that committee presented to the President of the United States the following enrolled bills:

S. 73. An act to authorize the Comptroller General to allow claim of district no. 13, Choctaw County, Okla., for payment of tuition for Indian pupils;

S. 1410. An act to amend section 207 of the Bank Conservation Act with respect to bank reorganizations;

S. 1415. An act to amend sections 5200 and 5202 of the Revised Statutes, as amended, to remove the limitations on national banks in certain cases; and

S. 1582. An act to amend section 1025 of the Revised Statutes of the United States.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BRATTON:

A bill (S. 1724) authorizing the reimbursement of Edward B. Wheeler and the State Investment Co. for the loss of certain lands in the Mora Grant, N.Mex.; to the Committee on Public Lands and Surveys.

By Mr. DILL:

A bill (S. 1725) for the relief of Robert Emil Taylor; and

A bill (S. 1726) to authorize the appointment of Master Sgt. Joseph Eugene Kramer as a warrant officer, United States Army; to the Committee on Military Affairs.

A bill (S. 1727) for the relief of Earl A. Ross; and

A bill (S. 1728) for the relief of Frank P. Ross; to the Committee on Public Lands and Surveys.

By Mr. TYDINGS:

A bill (S. 1729) for the relief of Emma Gregory;

A bill (S. 1730) for the relief of Richard Riggles;

A bill (S. 1731) for the relief of Marion Von Bruning (nee Marion Hubbard Treat) and others; and

A bill (S. 1732) for the relief of William Zeiss, administrator of William B. Reaney, survivor of Thomas Reaney and Samuel Archbold; to the Committee on Claims.

By Mr. McNARY:

A bill (S. 1733) relating to the retirement of the present senior member of the Board of Engineers for Rivers and Harbors; to the Committee on Military Affairs.

By Mr. McNARY and Mr. STEIWER:

A bill (S. 1734) for the rehabilitation of the Stanfield project, Oregon; to the Committee on Irrigation and Reclamation.

By Mr. SCHALL:

A bill (S. 1735) to amend an act approved May 14, 1926 (44 Stat. 555), entitled "An act authorizing the Chippewa Indians of Minnesota to submit claims to the Court of Claims"; to the Committee on Indian Affairs.

By Mr. CAPPER:

A bill (S. 1736) to preserve and protect the correlative rights of the oil-producing States, to assist them in the proper enforcement of their oil conservation laws, to assure the conservation of crude petroleum and natural gas and to preserve the same as national resources, and to regulate the transportation and sale in interstate and foreign commerce of natural gas, crude petroleum, and the products thereof, to prevent waste in the production, marketing, and use of such natural gas and petroleum; to invest the Secretary of the Interior with power to carry out this act, and for other purposes; to the Committee on Interstate Commerce.

REGULATION OF BANKING—AMENDMENT

Mr. VANDENBERG submitted an amendment intended to be proposed by him to Senate bill 1631, the banking bill, which was ordered to lie on the table and to be printed.

PUBLIC WORKS BILL—AMENDMENTS

Mr. FLETCHER submitted an amendment intended to be proposed by him to the bill (S. 1712) to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes, which was referred to the Committee on Finance and ordered to be printed.

Mr. NYE submitted two amendments intended to be proposed by him to Senate bill 1712, the public works bill, which were referred to the Committee on Finance and ordered to be printed.

REPORT OF THE DIRECTOR GENERAL OF RAILROADS (H.DOC. NO. 40)

The PRESIDING OFFICER (Mr. McKELLAR in the chair) laid before the Senate a message from the President of the United States, which was read and referred to the Committee on Interstate Commerce, as follows:

To the Congress of the United States:

I transmit herewith for the information of the Congress the annual report of the Director General of Railroads for the calendar year 1932.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 19, 1933.*

(Report accompanied similar message to the House of Representatives.)

REPORT OF PERRY'S VICTORY MEMORIAL COMMISSION (H.DOC. NO. 39)

The PRESIDING OFFICER laid before the Senate a message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on the Library, as follows:

To the Congress of the United States:

I transmit herewith for the information of the Congress a special report of the Perry's Victory Memorial Commission, dated April 6, 1933, supplementary to the annual report of the Commission for the fiscal year ended December 1, 1932.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 19, 1933.*

REPORT ON FOREIGN SERVICE RETIREMENT AND DISABILITY FUND (H.DOC. NO. 41)

The PRESIDING OFFICER laid before the Senate a message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Foreign Relations, as follows:

To the Congress of the United States:

I transmit herewith a report by the Secretary of State showing all receipts and disbursements on account of refunds, allowances, and annuities for the fiscal year ended June 30, 1931, in connection with the Foreign Service retirement and disability system, as required by section 26 (a) of an act for the grading and classification of clerks in the Foreign Service of the United States of America, and providing compensation therefor, approved February 23, 1931.

FRANKLIN D. ROOSEVELT.

Enclosure: Report concerning retirement and disability fund, Foreign Service.

THE WHITE HOUSE, *May 19, 1933.*

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. Mr. President, if there be no further legislative business, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

FEDERAL EMERGENCY RELIEF ADMINISTRATOR

The PRESIDING OFFICER (Mr. McKELLAR in the chair). The Chair laid before the Senate a message from the President of the United States transmitting the nomination of Harry L. Hopkins, of New York, to be Federal Emergency Relief Administrator.

Mr. ROBINSON of Arkansas. Mr. President, this is an important nomination. I think it will have to go to the committee, but I trust that the committee may take prompt action. The organization for the administration of the act to which the appointment relates is dependent upon the confirmation of this nomination.

The PRESIDING OFFICER. The Chair assumes that the nomination should be referred to the Committee on Banking and Currency.

Mr. ROBINSON of Arkansas. That is my understanding. I see that the chairman of that committee is not here, but I trust the committee may hold a meeting in the morning.

The PRESIDING OFFICER. The bill came from that committee, and the nomination is referred to the Committee on Banking and Currency.

Mr. COSTIGAN. Mr. President, in confirmation of what the able Senator from Arkansas has just stated, I am advised that there are some six States of the Union in which the relief funds appropriated by the Reconstruction Finance Corporation will be exhausted today. The relief situation in those States may, therefore, be fairly regarded as constituting an emergency, and there is urgent need for the immediate organization of the administration for Federal relief under the new act.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

REPORTS OF COMMITTEES

The PRESIDING OFFICER. Reports of committees are in order.

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably the nomination of Brig. Gen. George Sherwin Simonds to be a major general in the Regular Army from February 11, 1933, vice Maj. Gen. Edgar T. Collins, died February 10, 1933, and also the nominations of sundry other officers in the Regular Army and in the Reserve.

The PRESIDING OFFICER. The nominations will be placed on the calendar.

Mr. TRAMMELL, from the Committee on Naval Affairs, reported favorably the nomination of Commander Randall Jacobs to be a captain in the Navy from the 5th day of April 1933 and also the nominations of sundry other officers in the Navy.

The PRESIDING OFFICER. The nominations will be placed on the calendar.

CHARLES E. JACKSON

Mr. STEPHENS. Mr. President, I report favorably from the Committee on Commerce the nomination of Charles E.

Jackson, of South Carolina, to be Deputy Commissioner in the Bureau of Fisheries.

Mr. SMITH. Mr. President, I ask unanimous consent for the immediate confirmation of this nomination.

Mr. FESS. Mr. President, I hope the Senator will allow this nomination to go to the calendar, and let us act on it tomorrow.

Mr. SMITH. My only reason for making the request is that it is very necessary to have this nomination confirmed soon, because the Commissioner in the Bureau of Fisheries will leave in 3 or 4 days for an extended trip, and he wanted to break this new man in thoroughly, so that he might function while the Commissioner was absent. The nominee is my secretary, the report is unanimous, and every day is important, so that he may become familiar with the routine of the office as early as possible. That is my reason for making the request.

Mr. FESS. I withdraw the objection.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

IN THE NAVY

Mr. TRAMMELL. Mr. President, I have reported favorably from the Committee on Naval Affairs sundry nominations in the Navy and Marine Corps. If we do not take action on the nominations today of the midshipmen who are graduating this week at the Naval Academy who have been recommended for commissions, these young men will not be able to get their commissions at the time of their graduation. It is a routine matter, and I ask that the nominations be considered and acted upon at this time.

The PRESIDING OFFICER. The Senator from Florida aks unanimous consent for the immediate consideration of certain Navy nominations. Is there objection?

Mr. FESS. Mr. President, reserving the right to object, may I make the suggestion that we are getting in the habit of approving these nominations without them going to the calendar, and while I am not objecting to this particular request, I am sure that we do not want to get into that practice.

Mr. ROBINSON of Arkansas. Mr. President, this is an emergency matter. It relates to routine nominations.

Mr. FESS. I think the Senator from Arkansas is correct, and I do not object in this instance.

The PRESIDING OFFICER. Without objection, the nominations are confirmed.

Mr. TRAMMELL. Mr. President, I ask unanimous consent that the President may be notified.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the President will be notified. If there be no further reports of committees, the calendar is in order.

THE CALENDAR

Executive C (72d Cong., 2d sess.), a treaty between the United States and the Dominion of Canada for the completion of the Great Lakes-St. Lawrence deep waterway, signed on July 18, 1932, was announced as the first matter on the calendar.

Mr. ROBINSON of Arkansas. Let that go over.

The PRESIDING OFFICER. The treaty will be passed over.

TREASURY DEPARTMENT

The Chief Clerk read the nomination of William Alexander Julian, of Ohio, to be Treasurer of the United States.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nomination?

The nomination was confirmed.

PUBLIC HEALTH SERVICE

The Chief Clerk read the nominations of Walter L. Treadway, Lionel E. Hooper, and Francis A. Carmelia to be senior surgeons in the Public Health Service.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to these nominations?

The nominations were confirmed.

The PRESIDING OFFICER. That completes the calendar.

RECESS

Mr. ROBINSON of Arkansas. Mr. President, as in legislative session I move that the Senate take a recess until immediately following the conclusion of its proceedings sitting as a Court of Impeachment on tomorrow.

The motion was agreed to; and (at 3 o'clock and 50 minutes p.m.) the Senate, as in legislative session, took a recess until the conclusion of the proceedings of the Senate sitting as a Court of Impeachment on tomorrow, Saturday, May 20, 1933, the hour of meeting of the Senate sitting as a Court of Impeachment being 10 o'clock a.m.

NOMINATIONS

Executive nominations received by the Senate May 19 (legislative day of May 15), 1933

ASSISTANT SECRETARY OF THE TREASURY

Stephen B. Gibbons, of New York, to be Assistant Secretary of the Treasury, in place of Seymour Lowman, resigned.

FEDERAL EMERGENCY RELIEF ADMINISTRATOR

Harry L. Hopkins, of New York, to be Federal Emergency Relief Administrator.

MEMBER OF THE FEDERAL POWER COMMISSION

Herbert J. Drane, of Florida, to be a member of the Federal Power Commission for the term expiring June 22, 1937, vice Marcel Garsaud.

PROMOTIONS IN THE REGULAR ARMY

To be first lieutenant

Second Lt. Meredith Donald Masters, Field Artillery, from May 16, 1933.

MEDICAL CORPS

To be lieutenant colonels

Maj. George Fairless Lull, Medical Corps, from May 11, 1933.

Maj. Charles Clark Hillman, Medical Corps, from May 12, 1933.

Maj. Sidney Lovett Chappell, Medical Corps, from May 13, 1933.

Maj. Harry Louis Dale, Medical Corps, from May 15, 1933.

REAPPOINTMENT IN THE OFFICERS' RESERVE CORPS OF THE ARMY

GENERAL OFFICER

To be brigadier general, Adjutant General's Department Reserve

Brig. Gen. James Sumner Jones, Adjutant General's Department Reserve, from July 17, 1933.

PROMOTIONS IN THE NAVY

MARINE CORPS

Lt. Col. Robert B. Farquharson to be a colonel in the Marine Corps from the 17th day of May 1933.

Maj. Howard C. Judson to be a lieutenant colonel in the Marine Corps from the 17th day of May 1933.

Capt. Augustus B. Hale to be a major in the Marine Corps from the 17th day of May 1933.

First Lt. Clarence H. Yost to be a captain in the Marine Corps from the 17th day of May 1933.

Second Lt. Sol E. Levensky to be a first lieutenant in the Marine Corps from the 17th day of May 1933.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 19 (legislative day of May 15), 1933

TREASURER OF THE UNITED STATES

William Alexander Julian to be Treasurer of the United States.

DEPUTY COMMISSIONER, BUREAU OF FISHERIES

Charles E. Jackson to be Deputy Commissioner, Bureau of Fisheries.

PUBLIC HEALTH SERVICE

Walter L. Treadway to be senior surgeon.

Lionel E. Hooper to be senior surgeon.

Francis A. Carmelia to be senior surgeon.

PROMOTIONS IN THE NAVY

To be ensigns

Louis H. Albiston
Howard W. Anderson
Frank R. Arnold
Frederick L. Ashworth
Henry F. Banzhaf
Robert H. Barnum
James L. Beam
Carter L. Bennett
Samuel Bertolet
James S. Bethea
James V. Bewick
Horace V. Bird
Thompson Black, Jr.
John T. Blackburn
Francis L. Blakelock
Walter L. Blatchford
Francis J. Blouin
Walter S. Bobo, Jr.
Joseph H. Bourland
Harold G. Bowen, Jr.
Merle F. Bowman
Francis E. Brown
James O. Brown
Frederick W. Bruning
Paul D. Buie
James B. Burrow
Paul W. Burton
Clarence M. Caldwell
Clifford M. Campbell
James H. Campbell
Allan M. Chambliss
Jay V. Chase
Benjamin B. Cheatham
Harold F. Christ
Warren B. Christie
Thomas A. Christopher
Merrill K. Clementson
James O. Cobb
Thomas F. Connolly
Lester C. Conwell
Richard G. Copeland
Joseph P. Costello
John S. Coye, Jr.
Robert W. Curtis
Charles A. Curtze
Edgar M. Davenport
Roy M. Davenport
Lewis M. Davis, Jr.
Ray Davis
William L. Dawson
Richard B. Derickson, Jr.
John R. Dillon
Norman J. Drustrup
Charles K. Duncan
James M. Elliott
Joseph F. Enright
Arthur K. Espenas
Robert E. Fair
Frank S. Fernald
Charles W. Fielder
James H. Fortune, Jr.
William C. Fortune
Everett J. Foster
James G. Franklin
Charles T. Fritter
Herbert S. Fulmer, Jr.
Raymond L. Fulton
Raymond D. Fusselman
Ignatius J. Galantin
Robert A. Gallagher
Antone R. Gallaher
Norman W. Gambling
John A. Gamon, Jr.
Philip W. Garnett
Robert E. Garrels
Charles F. Garrison
Richard C. Gazlay
Robert M. Gibbons
James B. Grady
Murray Hanson
Donovan B. Harby
Ward F. Hardman
Irvin S. Hartman
Enrique D. Haskins
Burden R. Hastings
Julian S. Hatcher, Jr.
Clinton J. Heath
Luther C. Heinz
Ezra G. Howard
William S. Howell
George K. Hudson
Albert C. Ingels
Robert H. Isely
Charles B. Jackson, Jr.
Edward F. Jackson
Raymond B. Jacoby
Ernest Lee Jahncke, Jr.
Carlton B. Jones
Thomas A. Jones
Stephen Jurika, Jr.
William R. Kane
James G. Kastein
Robert A. Keating, Jr.
Richard L. Kibbe
Nova B. Kiergan, Jr.
Leland P. Kimball, Jr.
George O. Klinsmann
Joseph W. Koenig
Donald O. Lacey
George H. Laird, Jr.
David Lambert
Richard Lane
Willard R. Laughon
Robert W. Leach
Edward P. Lee, Jr.
Lamar Lee, Jr.
John S. Lehman
Hayden L. Leon
Harry M. Lindsay, Jr.
Frank V. List
Edwin E. Lord, 3d
Charles E. Loughlin
Kenneth Loveland
Michael J. Luosey
Harold A. MacDonald
William W. R. Macdonald
Donald E. MacIntosh
Robert A. Macpherson
Robert B. Madden
Louis J. Majewski
Joseph I. Manning
Laurence H. Marks
David L. Martineau
Paul Masterton
Dale Mayberry
Harry C. Maynard
Robert McAfee
John J. McCormack, Jr.
Joseph C. McGoughran
Hugh R. McKibbin
Robert H. McRae
Bernard H. Meyer
Clayton L. Miller
Edwin S. Miller
George H. Miller
Richard L. Mohan
Charles L. Moore, Jr.
Thomas H. Moorer
Charles C. Morgan
John C. Morgan
Thomas H. Morton
Gordon Murphy
Karl F. Neupert
Walter H. Newton, Jr.
Thomas P. O'Connell
James R. Ogden
Robert I. Olsen
Jay T. Palmer
Thomas V. Peters
John L. Phillips, Jr.
Ludwell R. Pickett
William V. Pratt, 2d
Ralph M. Pray
George M. Price
Bertram J. Prueher
Frederick W. Purdy
John Ramee
Reginald M. Raymond
James R. Reedy
Edward S. Rhea, Jr.
Gilbert H. Richards, Jr.
Robert S. Riddell
Charles E. Robertson
Jack W. Roe
George D. Roullard
Henry P. Rumble
Baxter L. Russell
Selby K. Santmyers
Ralph N. Sargent, Jr.
Arnold F. Schade
Henry E. Schmid
Wallace A. Schmid
Earle C. Schneider
Frank D. Schwartz
Everett E. Seagroves
Seth S. Searcy, Jr.
William E. Shafer
John Shannon
Edward E. Shelby
Martin A. Shellabarger
Albert L. Shepherd
Frederick W. Sheppard
Ralph L. Shifley
Kenneth S. Shook
Frank M. Slater
Francis J. Smedley
Robert H. Solier
Owen E. Sowerwine
Otto W. Spahr, Jr.
Paul L. Stahl
John M. Steinbeck
Milton G. Stephens
Lemuel M. Stevens, Jr.
Louis J. Stocker
Bernard M. Strean
Henry D. Sturr
Ralph E. Styles
William H. Sublette
Millener W. Thomas
Raymond W. Thompson, Jr.
Carl Tiedeman
Malcolm H. Tinker
Jack C. Titus
Jack J. Tomamichel
James F. Tucker
Vernon C. Turner
John A. Tyree, Jr.
James J. Vaughan
Theodore R. Vogeley
Louis E. Von Woglom
Ruben E. Wagstaff
Frederick H. Wahlig
Thomas H. Ward
John B. Weeks
George Wendelburg
Waldemar F. A. Wendt
James W. White
Richard D. White
Bruce E. Wiggin
Joseph W. Williams, Jr.
Archie T. Wright, Jr.
Gerald R. Wright
Herbert C. Yost

To be assistant paymasters

James E. Bullock
Earnest G. Campbell
James S. Dietz
DeWitt C. T. Grubbs, Jr.
Ross G. Linson
Albert F. Ryan, Jr.
Donald W. Twigg
Paul L. Weintraub, Jr.

MARINE CORPS

To be second lieutenants

Edward Eugene Authier
Joslyn Rigby Bailey
Nixon Leslie Ballard
Etheridge Charles Best
Robert Oliver Bowen
Frederick Schaffer Bronson
James Fraser Climie
William Edward Erwin, Jr.
Donald Walker Fuller
William Archibald Kengla
Alfred Thomas Magnell
James Marvin Masters, Jr.
David Stockton McDougal
Wilbur James McNenny
Guy Marion Morrow
James Rockwell
Theodore Carlyle Turnage, Jr.
Marshall Alvin Tyler
Sidney Scott Wade
Paul Eugene Wallace

HOUSE OF REPRESENTATIVES

FRIDAY, MAY 19, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Ever blessed Father in Heaven, Thy goodness faileth never. We thank Thee and call upon Thy excellent name. Through all earthly vicissitudes Thy love abides. Teach us always to walk with gratitude in Thy light, and strengthen us to be invincible in Thy spirit and purpose. Awaken in us the sense of a fine opportunity of sharing the distress and the

hardships of our fellows, and crown our souls with the courage and the pride that can endure these with dignity and without fear. Forgetting ourselves and fronting forward to the right, in counsel and in deliberation may we do our best, that rich blessings of relief may come to our whole country. Put into all hearts, Heavenly Father, the love, the laughter, and the exultant song of a happy life. In the name of our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

PERMISSION TO ADDRESS THE HOUSE

Mr. BOYLAN. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes and read two letters by former distinguished Members of the House.

The SPEAKER. Is there objection?

Mr. SNELL. Reserving the right to object, and I shall not object, I should like to ask the gentleman from Tennessee, the majority leader, what is the program for today?

Mr. BYRNS. It is necessary for the Senate to act first on the conference report on the deficiency bill before the House acts. My information is that the Senate has not acted upon it, and it may not act upon it today, so there will be nothing of legislative importance today, but we will have to meet tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. BYRNS. Will the gentleman from New York withhold his request until I make a unanimous-consent request?

Mr. BOYLAN. I will yield.

COMMITTEE ON RULES

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file any report that they wish to file.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. Is there objection to the request of the gentleman from New York to address the House for 10 minutes?

There was no objection.

LONGWORTH-CAREW CORRESPONDENCE

Mr. BOYLAN. Mr. Speaker and gentlemen of the House, I have requested this time in order to read to the House the epistles to and from two distinguished former Members of the House, together with a communication to the distinguished Vice President of the United States.

In passing, I might say that the traditions of this noble, historic, and patriotic society (the oldest patriotic society in the United States) are at this time in the city of Washington in the custody of and being carried on by our distinguished assistant leader of the House, the Hon. THOMAS HENRY CULLEN, M.C., from the State of New York.

The epistles are entitled "To and From Two Bulgarians."

Before reading the letters I have a little note to read, addressed to the Honorable John N. Garner, Vice President of the United States, Washington, D.C.

DEAR JOHN: You will remember this correspondence between myself and Nick Longworth. It seems to me you might put it in the RECORD before you leave the House as a memorial of the happy days we spent with you. May God love you as much as I do.

Sincerely yours,

JOHN F. CAREW.

The correspondence is as follows:

EPISTLES TO AND FROM TWO BULGARIANS

THE SPEAKER'S ROOMS,
UNITED STATES HOUSE OF REPRESENTATIVES,
Washington, D.C., June 26, 1926.

Hon. JOHN F. CAREW,
House of Representatives, Washington, D.C.

MY DEAR COLLEAGUE: I am addressing you as the recognized and distinguished leader of the Tammany delegation in the House of Representatives to seek your kindly advices with regard to the enclosed invitation which I have lately received.

I was not previously aware of the existence of the Tammany Club, of Columbus, Ohio, which on its face would appear to be a branch of that great society which you so worthily represent in Washington. I know of no one to whom I can so logically appeal as yourself to be advised as to whether the Tammany Club, of Columbus, Ohio, is a branch of the mother chapter or parent organization of the Tammany Society in the great city of New York. As you are aware, I am an admirer of your great organization, which in cohesiveness and efficiency is not equaled by any similar organization in the world, in my judgment; and, while I know the other speakers upon the occasion to which I am invited are men of some prominence in public life, I should not care to be associated even with them if the organization which is sponsoring this event should happen to be a spurious one masquerading under that great name, and I shall be greatly obliged if you will give me such information as you have upon this question. Believe me to be,

Very sincerely yours,

NICHOLAS LONGWORTH.

[Enclosure]

Fourth of July barbecue will be given under the management of the Middle West Tammany Club at 476 South Seventh Street, Columbus, Ohio, July 4, 1926

Among those who are invited to speak: Gov. Al. Smith, of New York; Hon. W. G. McAdoo, of California; Senator Atlee Pomerene, of Ohio; Congressman Nick Longworth, of Ohio; Senator Jim Reed, of Missouri; Senator Wadsworth, of New York; many State and local candidates.

Prof. ISAAC B. ATKINSON, *Manager,*
468 South Seventh Street, Columbus, Ohio.

SOCIETY OF TAMMANY OR COLUMBIAN ORDER,
ISLAND OF MANAHATTOES, NEO EBORACENSIS,
SEASON OF FLOWERS, FIRST MOON, YEAR OF THE
INSTITUTION CXXXVII, OF INDEPENDENCE, CL.

(From the Great Wigwam on the Shore of the Much-Resounding Sea)

To the Honorable NICHOLAS (Speaker) LONGWORTH, LL.D.,
Equitum Nobilissimus, Militum Fortissimus, Locutor Eloquentissimus, Parliamentarius Expertissimus, etc., etc.

TRUSTY AND WELL BELOVED: We greet you well. Anxious always to foster and increase the comity which has existed between all of the illuminati throughout the territories septentrionales et occidentales since the institution of our ancient society, we have caused investigation to be made in the archives of our archiveorium and among the traditions of our tradition barrel to ascertain of the Middle West Tammany Club, which has invited your most excellent self along with divers and several other most eminent and worthy barbecuists to its barbecue to be held on July 4, 1926, at 476 South Seventh Street, Columbus, Ohio, and in particular whether such club had been duly regularly and orthodoxically instituted in accordance with the constitution and bylaws of our Ancient Society of Tammany or Columbian Order as originally laid down in 1789 and since amended.

Greatly do we rejoice, beloved son, that you were wise enough to submit this invitation to us. Providentially we are thus enabled to keep you from straying among evil companions to turn your feet from paths wherein they should not. This club which has thus invited you and others of the faithful, and proclaimed your anticipated attendance at its orgies, is entirely heretic, heterodox, and anathema. It exists only for the temptation of the unwary and the destruction of the unwise. It has never at any time been instituted, authorized, accepted, or affiliated with our ancient and honorable society. It originated in 1902 A.D. in a schism from our order conducted by the ancient heresiarch, Richard Croker, who fleeing from the wrath to come found refuge and sanctuary in the Kingdom of Ireland in the suburbs of the city of Dublin on the banks of the River Liffey. Living there in exile and splendor, among other pastimes he followed the turf and thus became acquainted with a Celto-Ethiopian jockey and horse trainer, who not having any family patronymic of his own, adopted the surname Tammany because of his association with Bishop Croker, and raising up unto himself in due time a numerous progeny Senegambian, proceeded to America under passports obtained from the then Turkish Government, entered as Turks, proceeded to Ohio, and there becoming Republicans, protectionists, and primary workers prospered; and from time to time hearing of the prestige and renown of our original orthodox society, with the aid of a colored lawyer, incorporated himself and his posterity under the ancient name of Tammany, making, however, une faux pas as at once appears to the instructed, for our organization is The Society of Tammany or Columbia Order, whereas the impostor has vulgarly incorporated a Tammany Club.

We are also given to understand by the police that this club of Ethiopians and Senegambians is devoted to the cultivation of various games of chance and probability known as "craps", "faro", "soo loo", "high, low, jack", and "red dog", and that they also conduct a blasphematory sacrilegious ceremony of rushing a can around in a cellar, shouting "Volstead! Volstead!" under the impression that they are university men and members of ΦBK.

THEY ARE ANATHEMA

Needless to enlarge upon this, most excellent and eminent sir. We shall at once see to it that a properly organized, authenticated, affiliated, and orthodox institution of our society is introduced into your city and State. We shall see to it that our ancient traditions, laws, bylaws, constitutions, and ceremonies are communicated to you and your fellow citizens of Ohio. It has been asked, "Can anything good come out of Ohio?" This, however, at this present

time only refers to your junior Senator. In your worthy self you have brought fame and glory to Ohio and, as our astrologers advise us, your future is still more distinguished and resplendent. In preparation, therefore, for your approaching exaltation we do hereby authorize, empower, and commission you as the first and finest gentleman in Ohio, to select a council of 13 sachems, a grand sachem, a wiskinkie, a sagamore, and 20 braves as the original officers and charter members of the Ohio Society of Tammany or Columbian Order. When you have submitted the names of yourself and your friends in this behalf, we will invite you and them to our great wigwam on the Rue de Quatorze in the Ville-du-Manhattan-sur-Mere, there to inhale the aroma of the peace pipe, to pledge faith and friendship on the handle of the tomahawk, to quaff deep from the stein of Pilsen and the chalice of Moet & Chambrun, and, as the sachems and braves of the old and the new institution, recline on the golden sands of Coney Island and listen to Homer's Poluphloisboio Thallasse—the much-resounding sea—each with his Minnehaha by his side, we will all join in the chorus of "The Banks of the Ohio."

Given at our tepee in the Domus Aeneas on Mons Capitolinus the day, month, and year above written.

Sealed with our seal, thumbed with our thumb, socked with our socerdotulum.

Imprimatur CAREW, *Cancellarius.*
Nihil Obstat JOHANNES, *Censor Librorum.*

REREFERENCE—THE DALLES BRIDGE CO.

Mr. MILLIGAN. Mr. Speaker, by direction of the Committee on Interstate and Foreign Commerce, I ask unanimous consent that the bill S. 804, to authorize the Secretary of War to grant a right of way to The Dalles Bridge Co., be rereferred to the Committee on Military Affairs.

The SPEAKER. Is there objection?

There was no objection.

SALARIES OF FEDERAL JUDGES—VOLUNTARY REDUCTIONS

Mr. COOPER of Ohio. Mr. Speaker, I ask unanimous consent to proceed for 3 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. COOPER of Ohio. Mr. Speaker, on May 4 my colleague, the gentleman from Ohio [Mr. YOUNG], whom I highly respect, made a very bitter denunciation in condemnation of the Federal judges in Ohio upon the ground that they had not accepted the salary reduction under the Economy Act. Among other things he said:

I denounce the Federal judges of my State and will name names and tell facts. They have refused to heed the demands of the times.

Later on in the same speech he went on to say:

Here, Mr. Chairman and members of the committee, is the list of dishonor. I now read the names of the Federal judges from Ohio who have refused to take pay cuts from their salaries: United States Judges Samuel H. West, Paul Jones, John H. Killits, George P. Hahn, Benson W. Hough, and Robert R. Nevin, salary $10,000 each; and United States Circuit Judge Smith Hickenlooper, salary $12,500.

It has been my good fortune and pleasure to have had a personal acquaintance with Judge Paul Jones for many years. He was born and reared in the city in which I live, and in 1922 I recommended that he be appointed Federal judge for the district court in Cleveland, Ohio. I was not satisfied that the statement of the gentleman from Ohio [Mr. YOUNG] was justified, on the ground that the Federal judges he mentioned from Ohio had not paid into the Treasury 15 percent of their salary. The gentleman from Ohio [Mr. YOUNG] spoke of the economy bill of 1933 and of the judges not accepting any reduction under this act. We all are aware that the reductions in the Economy Act took place May 1, and the Department of Justice informed me that a check was received, dated May 1, from Judge Paul Jones as a refund of $125, payable into the Treasury, which represented the 15 percent reduction of his salary. [Applause.]

The Department of Justice also informed me that Judge West sent a check dated May 1, 1933, as a refund to the Treasury Department representing 15 percent reduction in his salary. I am sure my colleague would not have made that statement regarding the Federal judges of Ohio had he acquainted himself with the facts.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. COOPER of Ohio. Yes.

Mr. SNELL. Can the gentleman inform the House how many Federal judges in the United States have made that refund?

Mr. COOPER of Ohio. I cannot, but I know that these two men have. I did not check up on the other men in Ohio.

Mr. SNELL. I think it would be of interest to the House if the gentleman could get that information.

The SPEAKER. The time of the gentleman from Ohio has expired.

PRINTING OF REPORT, UNITED STATES ARMY ENGINEERS

Mr. LAMBETH. Mr. Speaker, by direction of the Committee on Printing, I call up House Resolution 140, which I send to the desk and ask to have read, and ask its adoption.

The Clerk read as follows:

House Resolution 140

Resolved, That the communications from the Secretary of War transmitting letters of the Chief of Engineers submitting reports on the examination and survey of Ashtabula Harbor, Ohio; Bakers (Baker) Bay, Columbia River, Wash.; Bayou Lafourche, La.; Buffalo Harbor, Buffalo River, and Buffalo Ship Canal, N.Y.; Chickasaw Creek, Mobile County, Ala.; Conneaut Harbor, Ohio; Connecticut River below Hartford, Conn.; Cutoff Channel off Perth Amboy, N.J., to connect the Raritan River Channel with the southerly end of the channel in Arthur Kill; Egekik River, Alaska; Erie Harbor, Pa.; Grays Harbor and Chehalis River, Wash.; Honolulu Harbor, Hawaii; Keweenaw Waterway, Mich., and south shore of Lake Superior, in the vicinity of Keweenaw Point, Mich.; and the Warrior and Tombigbee Rivers and tributaries, Ala. and Miss., which were laid before the House of Representatives and referred to the Committee on Rivers and Harbors during the second session of the Seventy-second Congress, be printed, with illustrations, as separate House documents.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. LAMBETH. Yes.

Mr. SNELL. Is this the usual resolution and in exactly the same form that has been presented to the House to take care of these surveys, and so forth?

Mr. LAMBETH. This provides for the printing of certain reports and surveys under the River and Harbor Act of 1927 and 1930. Heretofore it has been the practice to have the surveys and reports sent to the Speaker from the Secretary of War, and to have them simply referred to the Committee on Rivers and Harbors and ordered printed. At the last session of Congress an amendment was placed in the War Department appropriation bill providing that instead of their automatically being printed, as had been the custom, which often resulted in a deficiency, the reports should be referred to the Committee on Printing. We have held up many of those reports which were not needed.

The reports covered in this resolution, introduced by the chairman of the Committee on Rivers and Harbors, cover projects which are in the pending river and harbor bill. We have eliminated a great many charts and superfluous data so as to reduce the cost. The cost of printing these reports will be approximately $6,000 and, of course, will come out of the appropriation of the War Department for that purpose. It does not involve any new expenditure.

Mr. SNELL. How much has the committee saved already by taking this course?

Mr. LAMBETH. We have saved over $100,000. Mr. Speaker, I ask unanimous consent to have inserted as a part of my remarks a brief report from the Committee on Printing covering the resolution.

The SPEAKER. Is there objection?

There was no objection.

The report is as follows:

Mr. LAMBETH, from the Committee on Printing submitted the following report (to accompany House Resolution 140):

The Committee on Printing, to whom was referred the resolution (H.Res. 140) to authorize the printing of certain communications from the Secretary of War transmitting letters of the Chief of Engineers submitting reports on the examination and survey of certain rivers and harbors, made pursuant to section 1 of the River and Harbor Act approved January 21, 1927, and the act of July 3, 1930, having considered the same, report favorably thereon without amendment.

The River and Harbor Act approved January 21, 1927, and the act of July 3, 1930, authorized the Chief of Engineers to make examinations and surveys of certain rivers and harbors and report thereon to the Congress. Pursuant to these acts many reports

have been received, and this resolution proposes to authorize the printing of some of the reports transmitted to the House of Representatives by the Secretary of War at the last session of Congress, all of which pertain to projects contained in the pending river and harbor bill.

In the past, upon receipt of these engineer reports in the Speaker's office, it has been the custom to refer them to the Committee on Rivers and Harbors with an order to print; but in each letter of transmittal accompanying these reports the Secretary of War stated that the "funds available for printing and binding, War Department, fiscal year 1933, are insufficient to provide for the printing of the report", therefore the Parliamentarian of the House directed their reference to the Committee on Rivers and Harbors without printing.

During the last session of Congress an examination of some of these reports disclosed that they contained many charts and diagrams which could be readily eliminated without interfering with a correct understanding of the report, whereupon your committee directed that only such charts as were absolutely essential should be printed. The omitted charts, however, were to remain in their proper position with the original manuscript and be retained in the files of the House.

The Public Printer, in his last report, states that this modification of House orders resulted in a saving of $107,000 of unnecessary printing.

As a result of this saving the Committee on Appropriations of the House inserted, in the last War Department appropriation act, approved March 4, 1933, a provision for the printing of only such survey reports as may be authorized by the Committee on Printing of the House of Representatives. Pursuant to this law, the Parliamentarian has submitted to this committee for consideration all engineer reports received this session, and many of them have been ordered referred to the Committee on Rivers and Harbors without printing.

During the present session of Congress representatives of the office of the Chief of Engineers, the House Committee on Rivers and Harbors, and your committee have conferred, and the text and charts of the manuscript of each report enumerated in this resolution have been carefully examined. All unnecessary bulk and such charts and maps as were not deemed essential have been omitted. Since these reports were sent to the House, the Chief of Engineers has made available sufficient funds from current appropriations to defray the cost of printing the reports contained in this resolution; therefore, the committee recommended its adoption.

The Public Printer estimates that the cost will be approximately $6,342.88.

A letter from the Chairman of the Committee on Rivers and Harbors urging the printing of these reports is appended hereto.

COMMITTEE ON RIVERS AND HARBORS,
UNITED STATES HOUSE OF REPRESENTATIVES,
May 11, 1933.

Hon. WALTER LAMBETH,
Chairman Committee on Printing,
United States House of Representatives.

DEAR MR. LAMBETH: With reference to House Resolution 140, introduced by me, and which provides for the printing of a number of survey reports on rivers and harbors, I beg to say that these reports have been adopted by this committee; provision has been made for them in the omnibus river and harbor bill reported to the House on Tuesday last, and that it is essential that they should be printed so that the information they contain shall be available for the Members of the House and Senate when the reports are before those bodies for consideration. I trust your committee will act favorably on my resolution.

Yours sincerely,

J. J. MANSFIELD, *Chairman.*

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

SALARIES OF FEDERAL JUDGES

Mr. YOUNG. Mr. Speaker, I rise to a question of personal privilege.

Mr. Speaker, Members of the House, I wish to say to the distinguished minority leader that I will in just a moment make answer to his question.

Mr. Speaker, it would appear that in the opinion of my long-time friend the gentleman from Ohio, Mr. COOPER, like Moses on Mount Horeb, I was treading on holy ground when I criticized the Federal judiciary.

On May 4, at about 1 o'clock in the afternoon——

Mr. SNELL. Mr. Speaker, it seems to me the gentleman should state the question of personal privilege, if he has arisen on that. I think perhaps the gentleman should ask unanimous consent to address the House.

Mr. YOUNG. I am raising a question of personal privilege because my friend the gentleman from Ohio, Mr. COOPER, said that I made a misstatement and was inaccurate and reckless with the facts in my speech of May 4. I wish to correct that before the House.

Mr. Speaker, I ask unanimous consent to address the House for 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Ohio [Mr. YOUNG]?

There was no objection.

Mr. YOUNG. Mr. Speaker, on May 4, at about 1 o'clock in the afternoon, I denounced on the floor of the House Federal judges of my State and other States who had refused and failed to voluntarily repay into the Treasury of the United States that percentage of their salaries which United States Senators, Congressmen, all Federal officials from the highest to the lowest, and all Federal employees repaid. What I stated on that occasion was true and correct. What I stated was the result of my investigation in the Department of Justice, office of Attorney General of the United States, and in the United States Treasury Department. Two hours before making that speech on the floor of the House I again rechecked my investigation under the Economy Act of 1932. Section 109 of the Economy Act of 1932, that, for the information of the gentleman from Ohio [Mr. COOPER], was in effect from July 1, 1932, there was in effect a provision, section 108, that the judges and Federal officials exempt by reason of the constitutional inhibition, could pay into the Treasury that same percentage of their salaries, and I found that President Hoover had voluntarily repaid into the Treasury of the United States 10 per cent of his salary. The Economy Act of 1932 provided for a 10-percent cut on all salaries of $10,000 and more, and a lesser percentage on salaries below $10,000. There is a constitutional inhibition preventing the Congress from cutting the salary of the President of the United States. Unfortunately, also, article III of the Constitution provides that the compensation of United States judges shall not be diminished during their continuance in office. As Congressman at large from Ohio, representing nearly 7,000,000 citizens, all of whom, except the 7 Federal judges of my State, were compelled to make personal and financial sacrifices by reason of the economic disaster affecting all of us except those 7, I felt it my duty to state on this floor of this House the facts as shown by my investigation. No Ohio Federal judge paid any money whatever into the United States Treasury under the Economy Act of 1932, notwithstanding that section 109 of this act made provision for such payment. [Applause.]

Mr. COOPER of Ohio. Will the gentleman yield?

Mr. YOUNG. I yield.

Mr. COOPER of Ohio. The gentleman in making his statement did not make any reference at all to the Economy Act of 1932.

Mr. YOUNG. I am coming to the Economy Act.

Mr. COOPER of Ohio. Answer the question. Did the gentleman make any statement in his speech with reference to the Economy Act of 1932?

Mr. YOUNG. I spoke on the Economy Act of 1933.

Mr. COOPER of Ohio. Of course the gentleman did, and that is what I had reference to.

Mr. YOUNG. In pursuing my investigation I will say to the gentleman from Ohio and to all of you that I did make a thorough investigation early in May. I had made inquiry of John W. Gardner, general agent in the office of the Attorney General of the United States. I made inquiry in the Department of Justice. I made inquiry of Mr. Burke, of the Treasury Department.

On the 4th of May, 2 hours before I made that address to the Members of the House, I checked the records of the Division of Booking and Warrants in the Treasury Department. This is the Department where remittances made by Federal judges, when any are made, are accepted. I say again on my responsibility as a representative of all of the people of Ohio in the Congress that on May 4, 1933, at 1 o'clock in the afternoon, the time I addressed the House, there was no record of any remittance from any Ohio Federal judge. It is true that directly after I made this address widespread publicity was given to it in Ohio. The Cleveland Plain Dealer of the following day——

Mr. COOPER of Ohio. Well, will the gentleman yield?

Mr. YOUNG. I yield.

Mr. COOPER of Ohio. I must take exception to what the gentleman has said. The Department of Justice informed me just 2 days ago, and I would not have made the statement on this floor if it were not the fact, that the Department had received the checks of Judge Jones and Judge West, dated May 1, for $125 remittance.

Mr. YOUNG. I am coming to that now.

The Cleveland Plain Dealer of the following day in its newspaper article concerning my speech carried this very significant statement:

> The Ohio Federal judges named by YOUNG as not having reduced their own salaries * * * are Federal District Judges Samuel H. West and Paul Jones of Cleveland, John H. Killits and George P. Hahn of Toledo, Benson W. Hough of Columbus, and Robert R. Nevin of Dayton, receiving salaries of $10,000 a year, and Federal Circuit Judge Smith Hickenlooper of Cincinnati, receiving $12,000 a year. Judge West said last night that he did not think the question was a matter for discussion and declined to make further comment.

Is it not significant that this judge took this untenable position? Had he in fact voluntarily remitted to the United States Treasury, would he not have been glad to tell the reporter that fact?

It was written:

> While the lamp holds out to burn,
> The vilest sinner may return.

In the Bible reference is made in chapter 62 of Isaiah to the "lamp that burneth." Thomas Scott, in his great hymn wrote:

> Hasten, sinner, to return!
> Stay not for the morrow's sun,
> Lest thy lamp should cease to burn,
> Ere salvation's work is done.

It is gratifying that Judges West and Jones, even at this late date, made some remittance into the United States Treasury. The lamp still "burneth." They are probably as familiar as I with the Scriptures. As a lawyer, I have tried cases in the Federal courts of Ohio and Pennsylvania and have come in contact with various Federal judges. I never met nor heard of one who would dare challenge the inspiration of that Book of all Books, nor the divine character of Him who was born in a manger and crucified between two thieves.

I am happy that, though Judges Jones and West and all Federal judges except those I shall name failed to take voluntarily salary cuts under the Economy Acts of 1932 and 1933, these two judges and others are now making remittances into the United States Treasury.

I am glad now to report that by a certificate dated May 9 on the remittance from Judge West, of Cleveland, $125 was paid into the Treasury of the United States, and by a certificate dated May 8 a payment of $125 from Judge Paul Jones, of Cleveland, was paid into the Treasury. The check of Judge Paul Jones, of Cleveland, was dated May 3, but this payment, as I have said, was not in the Treasury, and the Division of Booking and Warrants in the Treasury Department, where remittances are accepted, had no record of any such payment from Judge Jones or any Ohio judge on May 4.

Mr. COOPER of Ohio. Will the gentleman yield? I know the gentleman desires to be fair.

Mr. YOUNG. I will yield if the gentleman will get me further time.

Mr. COOPER of Ohio. The gentleman knows that notwithstanding the fact that the checks were made out by Judges Jones and West on May 1 and sent to the Department of Justice, it required several days before they were recorded in the Treasury. It is a matter of bookkeeping that caused the delay, and Judges Jones and West are not responsible for what delay there was in remitting their check into the Treasury.

Mr. YOUNG. I will answer the gentleman. Is it not significant that on May 5—and, by the way, the address I made on May 4, although I am an humble Member of the Congress, was given wide publicity in Ohio—President Herbert Hoover voluntarily turned back 10 percent of his salary in compliance with the letter and spirit of the Economy Act of 1932. Three United States judges, honorable, unselfish, and patriotic men, paid money into the Treasury of the United States in 1932 following the passage of the Economy Act of 1932. Not one of these judges was from Ohio. Neither Judge West nor Judge Jones can claim to be included in this group of honorable, patriotic, and unselfish judges. I am happy to name the three: Judges Elliott Northcott, United States circuit judge of West Virginia; Alfred C. Coxe, of New York; and E. Y. Webb, of North Carolina.

Mr. COOPER of Ohio. The checks had to be sent by them to the Department of Justice, not to the Treasury Department.

Mr. YOUNG. According to my information, the check of Judge Jones is dated May 3. I do not know the date of the other check.

Mr. COOPER of Ohio. The Department of Justice informs me it was made out on May 1.

Mr. DIES. Mr. Speaker, will the gentleman yield?

Mr. YOUNG. I yield.

Mr. DIES. Is it not within the realm of possibility that the checks had been dated back?

Mr. YOUNG. I did not want to say that, but the gentleman from Texas has suggested a possibility.

I did say on that occasion that judges, Federal judges particularly, who did not take the same salary cut that was taken by everyone, from the highest to the lowest, belonged on the roll of dishonor. I am glad that some of these judges have now voluntarily made payments into the Treasury Department so they may be taken from that roll of dishonor.

Mr. YOUNG. Mr. Speaker, I ask unanimous consent to proceed for 5 additional minutes.

Mr. COOPER of Ohio. Mr. Speaker, reserving the right to object, I should like to ask unanimous consent to proceed for 2 minutes to reply to the gentleman from Ohio [Mr. YOUNG].

Mr. YOUNG. I hope the gentleman will be given that time.

Mr. CANNON of Wisconsin. Mr. Speaker, I object. I should like to be heard for 10 minutes before the gentleman from Ohio [Mr. COOPER] is heard.

Mr. COOPER of Ohio. I think the gentleman ought not to object to my having an opportunity to reply to the gentleman from Ohio.

Mr. CANNON of Wisconsin. Mr. Speaker, under the circumstances, I shall be very glad to have the gentleman precede me.

The SPEAKER. Is there objection to the request of the gentleman from Ohio [Mr. YOUNG].

There was no objection.

Mr. YOUNG. Mr. Speaker, on the afternoon of May 4, after my speech, Attorney General Cummings made public the names of four Federal judges who had made some remittances to the United States Treasury. None from Ohio. The four Federal judges whose names were announced by Attorney General Homer S. Cummings as the only Federal judges who had voluntarily offered to accept pay cuts are: Judges Elliott Northcott, Alfred C. Coxe, E. Y. Webb, and William S. Kenyon. John W. Gardner, of the Attorney General's office, informed me that the law relating to remittances of salaries of Federal judges had been in effect since July 1, 1932. On May 4 the records of the Division of Booking and Warrants in the Treasury Department showed that in September of 1932, $250 had been paid by Judge Elliott Northcott. No payments subsequent to that time. The records showed that Judge Alfred C. Coxe paid $83.33 September 10, 1932, and a like payment on October 7, 1932; no payments since that time. And that Judge E. Y. Webb, of North Carolina, had paid $200 in December 1932 and $100 additional in February of 1933. On May 5, 1933, there was a certificate received from Judge William S. Kenyon, of Iowa, for $156.25, and on the same date $125 from Judge Mortimer W. Byers, of New York.

Mr. WOODRUM. Mr. Speaker, will the gentleman yield?

Mr. YOUNG. I yield.

Mr. WOODRUM. Mr. Speaker, there seems to be a little controversy between the two gentlemen from Ohio as to whether these payments were made on May 1 or May 4. May I direct the gentleman's attention to the fact that on April 26 I addressed the House on the subject and introduced a constitutional amendment (H.J.Res. 164) to give Congress the power to reduce the salaries of Federal judges. The Associated Press carried the information over the country. It may be it had some influence on causing these gentlemen to have an awakening of their patriotic spirit.

Mr. SNELL. Mr. Speaker, if the gentleman will permit, as I remember, Congress raised the salaries of the Federal judges 5 or 6 years ago.

Mr. WOODRUM. That is correct.

Mr. SNELL. By the same token has not Congress the power to reduce their salaries?

Mr. WOODRUM. We cannot reduce their salaries. We can raise them but not reduce them.

Mr. SNELL. Then they are beyond us now.

Mr. WOODRUM. Congress can do this. Congress can reduce the retirement pay of Federal judges. We retire them now on full pay and Congress can reduce this and can also make them pay income tax on their retirement pay. These are two points where we have the right to reach them.

Mr. SNELL. Will the gentleman permit just one more question?

Mr. YOUNG. Yes.

Mr. SNELL. Just how many United States judges up to the present time have willingly given up a part of their salary?

Mr. YOUNG. Seven.

Mr. WOODRUM. Up to the time of this resolution three Federal judges had sent in checks, each of them for 1 month, and then quit. This was up to April 26.

Mr. GREEN. In that connection, it seems to me it would be well for the rest of them to be sent over to the Senate like the one from California, if they do not voluntarily reduce their salaries.

Mr. YOUNG. All Federal judges who refuse to take voluntarily a pay cut along with the court bailiff and scrubwoman and all Federal officials and employees, from the highest to the lowest, belong permanently on my roll of dishonor.

It pleases me to be able to say that an official of the Treasury Department telephoned to congratulate me and stated that as the result of the publicity given to my speech of May 4 exposing and denouncing Federal judges for failure to take the same pay cut other Federal employees, from President to scrubwoman, had taken, thousands of dollars would be returned to the United States Treasury that would not otherwise have been paid by these Federal judges.

United States judges who arbitrarily refuse to reduce voluntarily their salaries until this country safely emerges from this unparalleled condition of national distress are blind to the demands of the times. Like the Bourbons of old, they cannot forget and do not learn. They show themselves to be greedy and avaricious. Such judges not only belong permanently on my roll of dishonor but the Congress, under the constitutional authority given in the preamble of the Constitution "to insure domestic tranquility" should properly vote a reduced amount of money for the maintenance of such courts.

The bailiffs who refer to them as the honorable court, and the scrubwomen who on hands and knees in the darkness of night clean their judicial offices so that they may in all dignity and smugness at 9:30 o'clock in the morning commence their judicial duties in immaculate surroundings, have had their pay cut. The scrubwoman, the bailiff, the elevator boy, all employees, have been paying and will pay each month from now on as long as the need exists, regularly out of the small wage our Government pays them, make their contribution of 15 percent to bring contentment and economic security to all our people.

Edmund Vance Cooke, the poet, wrote:

But to be a scrubwoman, with four
Babies or more,
Every day, every day setting your back
On the rack,
And all your reward forever not quite
A full bite
Of bread for your babies. Say!
In the heat of the day
You might be a hero to head a brigade.
But a hero like her? I'm afraid! I'm afraid!

[Applause.]

INTERNATIONAL INSTITUTE OF AGRICULTURE AT ROME, ITALY

Mr. POU, from the Committee on Rules, submitted the following privileged report for printing in the RECORD under the rule:

House Resolution 149

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of House Joint Resolution 149, authorizing an annual appropriation for the expenses of participation by the United States in the International Institute of Agriculture at Rome, Italy, and all points of order are hereby waived. That after general debate which shall be confined to the joint resolution and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs the joint resolution shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the joint resolution for amendment the Committee shall rise and report the joint resolution to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the joint resolution and the amendments thereto to final passage without intervening motion except one motion to recommit.

REGULATION OF BANKS

Mr. POU, from the Committee on Rules, submitted the following privileged report for printing in the RECORD under the rule:

House Resolution 150

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 5661, a bill "to provide for the safer and more effective use of the assets of banks, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes." That after general debate, which shall be confined to the bill and shall continue not to exceed 4 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. COOPER of Ohio. Mr. Speaker, I ask unanimous consent to proceed for 3 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

SALARIES OF FEDERAL JUDGES

Mr. COOPER of Ohio. Mr. Speaker, it was not my purpose to stand here this morning and defend any Federal judge who refuses to accept a 15-percent reduction under the Economy Act which we recently passed. What I referred to was the speech that the gentleman from Ohio [Mr. YOUNG] had made on May 4, in which he accused Judge Paul Jones and Judge West, of Cleveland, of refusing to contribute 15 percent of their salary to the Federal Treasury.

I conferred with the Department of Justice and this is the information they gave me. The gentleman made his speech on May 4 and the information they gave me was that Judge Jones' check for $125, dated May 1, was received at the Department of Justice. Judge West's check for $125, dated May 1, 1933, was received at the Department of Justice. It took until May 13 for these checks to be credited in the United States Treasury. There is a matter of bookkeeping involved, and my purpose this morning was to defend Judges Jones and West against the accusation that these men had not, on May 1, refunded 15 percent of their

salary to the Treasury Department. This is all I have to say.

Mr. WOODRUM. Will the gentleman yield?

Mr. COOPER of Ohio. Certainly.

Mr. WOODRUM. What does the gentleman have to say about the failure of the Federal judges, not only in Ohio but elsewhere, to accept the invitation of Congress extended in June 1932, to take the same 8⅓-percent cut that we had put on all the rest of the Federal employees?

Mr. COOPER of Ohio. I may say in reply to the gentleman from Virginia that I believe the Federal judges should take their 15-percent reduction the same as every other public official or employee of the United States.

Mr. WOODRUM. What is the difference between that cut and the 8⅓-percent cut? Are they not the same ?

Mr. COOPER of Ohio. I believe they should have taken that also, but my purpose in rising this morning was to defend these two men who had sent in their checks May 1 for a 15-percent reduction of their salary as provided in the Economy Act. If the gentleman from Ohio [Mr. YOUNG] was fair and just he would not stand on this floor today and try to leave the impression that Judges Jones and West did not return 15 percent of their salary into the Federal Treasury the first month that the Economy Act was in effect. Today there is far too much willful attack made upon public officials from the floor of this House. Of course, I admit that some public-office holders are deserving of condemnation, but it is my opinion there are only a few in this class. The two Federal judges whom the Member from Ohio so bitterly attacked and condemned, are citizens of integrity and ability, honored and respected by the people of the State of Ohio, and I know that they are just as much interested in the welfare of our Nation as the gentleman from Ohio [Mr. YOUNG].

[Applause.]

STATISTICS ON WORLD WAR ADJUSTED-SERVICE CERTIFICATES COST OF ADMINISTRATION

Mr. GRIFFIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on House Joint Resolution 182, introduced by me on Tuesday, by including some figures on the bonus question.

The SPEAKER. Is there objection?

There was no objection.

Mr. GRIFFIN. Mr. Speaker, pursuant to the consent granted, I beg to submit my correspondence with Gen. Frank T. Hines, Director of the Veterans' Administration, on the cost of administration of the laws Congress has passed for the issuance of World War compensation certificates, the amount of loans made, and the present status of the subject.

MAY 10, 1933.

Gen. FRANK T. HINES,
Director Veterans' Administration, Washington, D.C.

MY DEAR GENERAL: Is it possible for you to furnish a breakdown of the expenses of your office so as to show roughly the amounts expended annually in the handling of adjusted-service certificates from the date of the passage of the law?

When the law was passed the following items of expense naturally developed:

(a) Preparation of blanks.
(b) Clerks to send out the blanks.
(c) Clerks to receive them.
(d) Researches to verify the service claimed.
(e) Auditors to compute the amounts due.
(f) Clerks to handle the correspondence.
(g) Clerks to forward the checks.

Then when the veterans were permitted to borrow on their certificates a large part of the above work was duplicated, and additional labors imposed on your office. You stated last year that up to January 1, 1932, nearly half of the 3,440,634 holders of adjusted-service certificates had secured loans. I presume this figure has been augmented since. Will you kindly let me have the following information:

1. Present total of holders of certificates;
2. Number of holders borrowing, and the total amount;
3. The increased expense imposed on your office by the loan legislation, which I presume will come under the heads a, b, c, d, e, f, and g, above enumerated.

Can you approximate the number of employees assigned to the original issuance of certificates and to loan service and their approximate pay?

Have you any record of the total pieces of correspondence handled?

I realize that this is something of a job, but it will be interesting and even valuable in the consideration of certain legislation now pending, as well as in the consideration of certain legislation contemplated.

With best wishes, sincerely yours,

ANTHONY J. GRIFFIN.

MAY 18, 1933.

Hon. ANTHONY J. GRIFFIN,
House of Representatives, Washington, D.C.

MY DEAR MR. GRIFFIN: Further reference is made to your letter of May 10, 1933, requesting certain data in connection with the handling of adjusted-service certificates.

You are advised that it is impossible to give the detailed information enumerated in your letter, due to the fact that, except for the initial efforts, the administration of the World War Adjusted Compensation Act was merged, for economy and efficiency, with the other varied activities of this office.

For the purpose of covering the initial expense referred to, an appropriation was made under the title "Administration expenses, adjusted compensation, 1924–25", in the amount of $1,188,500. There was expended from this appropriation $835,069.73, the balance being covered into the surplus funds of the Treasury.

There is attached for your information the complete statistics available as of April 30, 1933, involving the number of veterans estimated to be entitled under that law; the number of applications received, classified by service in the War and Navy Departments and Marine Corps; number of certificates issued and their face value; number of matured certificates and certificates in force, with their respective values; detailed data with reference to loans made and outstanding, and the source from which payment of these loans was made, and the condition of the adjusted-service certificate fund.

Although it is regretted the detailed information which you desire cannot be furnished, I am sure you will realize that the cost of maintaining a cost and statistics system permitting the assembling of such data would have been prohibitive in comparison with its actual value, and I trust that the information which is being furnished will be of some value and assistance to you.

Very truly yours,

FRANK T. HINES, *Administrator.*

Adjusted-compensation estimates as of Apr. 30, 1933

Number of veterans entitled to benefits under the act		4,225,062
Number of applications received:		
War Department	3,464,154	
Navy Department	495,798	
Marine Corps	69,357	
		4,029,309
Number of certificates issued		3,708,889
Face value of certificates issued		$3,667,106,304
Average value of each certificate issued		$988.73
Average age stamped on each certificate issued (years)		33.6
Payments to veterans of $50 and less:		
Number of awards for cash settlements made to veterans		153,728
Value of cash settlements made to veterans		$4,912,013.13
Number of veterans' cases on which awards for cash settlements have been made to beneficiaries		125,045
Value of cash payments made to beneficiaries:		
Payments to beneficiaries of less than $50		$245,523.18
Payments to beneficiaries in quarterly installments		$37,261,411.76
$60 payments under section 608 (veterans died in service)		$3,117,523.59
Number of matured certificates		155,062
Amount of matured certificates		$154,414,608
Number of certificates in force		3,553,827
Face value of certificates in force		$3,512,691,696
Loan value of outstanding certificates		$1,756,345,848
Average loan value of outstanding certificates		$494.21
Number of certificates pledged for loans (held by Administration)		2,818,155
Average amount of indebtedness outstanding against certificates pledged for loans (held by Veterans' Administration)		$539.09
Paid from United States Government life-insurance fund:		
Number of direct loans made by Veterans' Administration		3,468,767
Number of direct loans outstanding		1,513,616
Amount of direct loans outstanding	$390,613,606.60	
Interest earned, uncollected, due from veterans	6,104,131.02	
Total indebtedness outstanding to United States Government life-insurance fund on account of loans on adjusted-service certificates and charged to veterans against their certificates		$396,717,737.62

Adjusted-compensation estimates as of Apr. 30, 1933—Continued

Paid from United States Government life-insurance fund—Continued		
Amount to be paid United States Government life-insurance fund from adjusted-service-certificate fund due to rate of interest allowed in excess of rate charged veterans (act July 21, 1932)		$2,967,871.21
Total amount due United States Government life-insurance fund		399,686,608.83
Paid from adjusted-service-certificate fund:		
Number of direct loans made by Veterans' Administration		2,583,382
Number of direct loans outstanding		2,475,294
Number of loans redeemed from banks		505,328
Number of outstanding loans redeemed from banks		125,825
Amount of outstanding direct loans:		
Loans direct to veterans (includes cash transfers between funds)	$972,603,218.54	
Transferred from redeemed loan accounts	13,432,069.77	
Annual interest added to principal	64,626,043.01	
Interest repaid by deduction—reinvested	340,523.84	
Total principal outstanding	1,051,001,855.16	
Interest earned—uncollected—on direct loans	9,549,679.26	
		$1,060,551,534.42
Amount of outstanding payments to banks in redemption of loans	59,500,231.05	
Interest earned—uncollected—on redeemed loans	2,467,001.40	
		61,967,232.45
Total indebtedness outstanding to adjusted-service-certificate fund on account of loans on adjusted-service certificates		1,122,518,766.87
Number of outstanding loans made by banks not redeemed (estimated)		150,000
Amount of outstanding loans made by banks not redeemed (estimated)		$60,000,000.00

Status of adjusted-service-certificate fund as of Apr. 30, 1933

Amount appropriated to fund			$1,196,000,000.00
Earnings:			
Collected items:			
By cash:			
Interest on redeemed loans	$2,405,890.50		
Interest on direct loans	336,099.30		
Interest on Treasury investments	103,220,297.35		
		$105,962,287.15	
By deduction:			
Interest on redeemed loans when liquidated by direct loans	974,447.27		
Interest on direct loans	340,523.84		
Interest deducted on direct loans (matured certificates)	198,819.61		
Interest deducted on redeemed loans (matured certificates)	16,263.71		
		1,530,054.43	
Annual interest on direct loans		64,626,043.01	
Accrued but uncollected:			
Interest on direct loans	$9,549,679.26		
Interest on redeemed loans	2,467,001.40		
Interest on Treasury investments	1,326,279.45		
		13,342,960.11	
			185,461,344.70
			1,381,461,344.70
Expenditures:			
Matured certificates:			
Amount paid beneficiaries		132,995,261.32	
Amount paid in liquidation of loans due U.S. Government life insurance fund:			
Principal	$8,990,463.87		
Interest	238,116.44		
		9,228,580.31	
Amount paid banks in redemption of loans (deceased veterans)		1,575,066.41	

Status of adjusted-service-certificate fund as of Apr. 30, 1933—Con.

Expenditures—Continued.			
Amount of direct loans liquidated by deduction (deceased veterans):			
Principal	$9,657,163.79		
Interest	198,819.61		
		$9,855,983.40	
Amount of redeemed loans liquidated by deduction (deceased veterans):			
Principal	743,453.29		
Interest	16,263.71		
		759,717.00	
			$154,414,608.44
Fund assets:			
Investments:			
Total payments to banks in redemption of loans	$107,361,441.19		
Less collections (principal):			
Cash $33,085,067.94			
Deductions:			
Death cases 2,318,519.70			
Account of direct loans 12,457,622.50			
	47,861,210.14		
		$59,500,231.05	
Amount of loans paid direct to veterans	1,064,643,658.37		
Less collections:			
Cash received from veterans $3,984,639.42			
Deduction in death cases 9,657,163.79			
	13,641,803.21		
		1,051,001,855.16	
Treasury investments		101,700,000.00	
Cash—Disbursing officers		1,464,371.16	
Treasury cash		37,318.78	
Interest accrued—Uncollected:			
On direct loans	$9,549,679.26		
On redeemed loans	2,467,001.40		
On Treasury investments	1,326,279.45	13,342,960.11	
Total value of fund			$1,227,046,736.26
Total			1,381,461,344.70

[1] NOTE.—Based on telegraphic reports and subject to revision upon receipt of monthly accounts from disbursing officers.

THE CURRENCY

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to address the House for 30 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

NEW MONEY INSTEAD OF SALES TAX

Mr. PATMAN. Mr. Speaker, ladies and gentlemen of the House. I met in the corridor a few minutes ago a gentleman from New York, Mr. Robert Harris, of Harris & Vose. Mr. Harris was formerly from Dallas, Tex. He is now one of the largest commission merchants on earth, and he has been for the past 3 years interested in expansion of the currency. He has rendered our cause valuable assistance.

He gave me a thought that I feel should be communicated to the Members of this House. I am not going to spend all my time on this, but I want to tell you what he said.

He said that we cannot tax the country back into prosperity.

That fits in exactly with the school of thought I happen to be a member of, which is somewhat at variance with the proposals now pending before the committees of the House of Representatives.

We have before the Ways and Means Committee the $3,300,000,000 reconstruction bill. The committee is endeavoring to find, this week, some way to raise the money to finance that $3,300,000,000 proposal.

Regardless of how the money is raised, I expect to vote for the bill, and I expect to go along with the administration. I expect to support the administration in the proposal, although it may contain many objectionable features.

I realize that legislation is all a matter of compromise—that we must give and take—but before I yield and vote for certain provisions of the bill that is now before the Ways and Means Committee, and certain proposals pending before that committee, I humbly want to submit for your consideration some changes that should be made.

In the first place, I feel, like Mr. Harris, that we cannot tax ourselves back into prosperity; that if you take the money away from the poor people of the country in the form of a sales tax and deliver it to another class to spend, you are not increasing the buying power of the people. You are diverting it from one class to another class.

RAISE MONEY DIFFERENT WAY

So I feel the money should be raised in a different way. The way I would do it probably you have already decided, but I want to insist that if there ever was a time when the Congress of the United States should return to the Constitution, it is now. The Constitution provides that the Congress shall issue money and regulate its value. We have a fine opportunity now to make a long step in that direction, help the general welfare, and save two or three hundred million dollars annually in taxes.

The question will be raised if you issue money to pay the $3,300,000,000 proposal the money will be fiat money—it will be inferior money. The answer to that is it will be exactly the same kind of money that we have already authorized the President of the United States to issue to the extent of $3,000,000,000.

Such money is not backed by gold necessarily, but each year there is set aside 4 percent as a sinking fund or retirement fund, which will cause the money to be retired over a period of 25 years. The Congress of the United States has already endorsed the principle of issuing that kind of money. If we issue it for this proposal it is no more fiat money than the money we have already authorized. We have endorsed and placed our stamp of approval upon the issuance of that kind of money.

MORE LIBERAL HOUSE RULES

Mr. BROWN of Kentucky. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. Yes.

Mr. BROWN of Kentucky. Will the gentleman offer an amendment to that effect to this bill when it comes out?

Mr. PATMAN. If I have an opportunity. I do not know whether the bill will come out under the general rules of the House or not, and right here I want to commend the Rules Committee. I appeared before that committee this morning in favor of a liberal rule for the consideration of the Steagall bill. After consideration the committee decided that the bill should be presented under the general rules of the House and that there should be free and liberal discussion allowed, and that amendments may be offered. [Applause.]

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. Yes.

Mr. O'CONNOR. The gentleman should make it clear that the Banking and Currency Committee requested a strict, closed rule, and that it was the action of the Rules Committee which brought the open rule.

Mr. PATMAN. I am very glad that the gentleman has made that statement. I did not feel like making the statement myself. Three gentlemen representing the Banking and Currency Committee made such a request. I represented the other side. The Rules Committee has endorsed the proposition by adopting this rule of bringing out these bills so as to allow consideration under the general rules of the House, and I hope wherever that is possible and consistent that course will be continued in the future.

Mr. CHRISTIANSON. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. Yes.

Mr. CHRISTIANSON. Will the gentleman join with the Members on this side of the House and oppose any rule that is brought in by the Committee on Rules preventing proper amendment on this bill when it comes before the House?

Mr. PATMAN. I am going along with the administration in power. The Democrats are charged with responsibility. The minority party is not charged with responsibility. I am going along with the party in power, and if it is necessary, absolutely necessary, to bring in a strict and rigid rule for the consideration of an administration measure, I shall yield my convictions and vote for that special rule, but it must be an administration measure and it must be of an emergency nature.

Mr. CHRISTIANSON. Does the gentleman mean to say that he will surrender his own independent judgment?

Mr. PATMAN. I have already done that.

Mr. CHRISTIANSON. And vote for the party in power, no matter what sort of proposal is made?

Mr. PATMAN. Oh, no. I say if it is an administration proposal and it is necessary to get quick action on the bill, which otherwise would be unnecessarily delayed without a special rule. In such a case I shall vote for the rule. I have done it in the past, but I am against gag rules, as my votes will indicate.

I shall not undertake to discuss the Steagall bill at this time, but will get back to the proposition of issuing these $3,300,000,000 in money.

Mr. McFADDEN. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. Yes.

Mr. McFADDEN. I want to know whether this proposal is in addition to the authority already given to the President in the farm bill?

PRINCIPLE HERETOFORE ENDORSED BY CONGRESS

Mr. PATMAN. It is my understanding that it is in addition. I am not at all sure about that, however, but if it is in addition, it is the same money that the President is now authorized to issue and it can be issued to pay the $3,300,000,000 of this reconstruction program. If you issue $3,300,000,000 in money and put it out to the people of the country, that is a circulating medium. It will cause an increase in commodity prices. What is the difference between a circulating medium and a noncirculating medium issued by the Government? One is a Government bond which draws interest and does not circulate, and the other does not draw interest and does circulate. They are backed by exactly the same property and exactly the same security. Every bond that is issued is a mortgage upon all of the homes and other property of the people of the Nation as well as upon the incomes of the people. Every dollar of money that is issued is backed in identically the same way. If the bond is good, the money is good.

Some will say that there will be too much money, $3,300,000,000, that it allows too much to go into the banks, which they may use as reserves and upon which they may issue additional credit. In answer to that, as you issue the money raise the reserve requirements of the banks. That is one thing which is wrong with our banking situation today. A banker can issue $10 of credit for every $1 that he has on deposit in his bank. Consequently we have a situation where we have $40,000,000,000 owing to the people of America on their deposits, and if all of the banks in the country were closed today and a representative were sent to the vaults to gather all of the money they possess, he would find much less than a billion dollars. It is true that they would have some additional money in the Federal Reserve banks, but it does not amount to a great deal. If you were to issue gradually, not quickly, a sufficient amount of money to absolutely retire the national debt of $21,000,000,000, the people would take the $21,000,000,000 and place it in the banks, and then we would have deposits aggregating $61,000,000,000, instead of $40,000,000,000; and instead of having $1,000,000,000 in cash to pay those deposits, we would have $22,000,000,000 in cash to pay those deposits. So if you will increase your reserve requirements of the banks, you can issue a large amount of money.

Then the banks would be safe. They would have one dollar actual money for every three credit dollars. There would be no danger of runs. There would be no danger of banks breaking; but as long as you have about two cents in the bank to back up every dollar, there is always danger of a loss of confidence and runs on banks. So there is a good argument to support the theory that you could absolutely pay off the national debt, gradually, not quickly, with new money, by at the same time gradually raising the reserve requirements of the banks of this Nation. There would be no difference. There would be no upsetting of our system in

the least. Would it not be preferable if this money could be issued just like all other money, to pay for this reconstruction program, rather than to levy a sales tax upon the barest necessities of life?

Mr. BEEDY. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. BEEDY. Does the gentleman think paper money is used as a reserve for other issues of money in the banks of this country?

Mr. PATMAN. What does the gentleman say is used?

Mr. BEEDY. Why, gold is the reserve.

Mr. PATMAN. Entirely?

Mr. BEEDY. Absolutely. You cannot print paper money and use it as a reserve for other issues of money.

Mr. PATMAN. We can use it if we say so by legislative act. We only have $4,300,000,000 in gold, and we have more than $40,000,000,000 in deposit dollars.

Mr. BEEDY. Yes; and if you raise the reserve requirements you cut down the possibilities of outstanding circulation.

Mr. PATMAN. We can raise them and regulate them any way we want to. Just as they can regulate the issuance of deposit currency, we can regulate the reserves any way we want to. A gold certificate is paper money, and it is used as reserve. Other paper money is also used as a reserve by banks.

Mr. BEEDY. Gold certificates are used as reserve when there is a gold dollar for every gold certificate outstanding.

Mr. RANKIN. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. RANKIN. There is no gold, necessarily, behind national-bank notes.

Mr. BEEDY. Not at all, and they cannot be used as reserves for further issues.

Mr. PATMAN. Now, I want to talk about the difference in the issuance of this money and the sales tax.

Mr. BUSBY. Will the gentleman yield?

Mr. PATMAN. I am glad to yield to the gentleman from Mississippi.

SAME BUNCH HUMBUGGING US

Mr. BUSBY. I was asked this question this morning: If we can issue $3,000,000,000 of currency, why can we not issue ten? I said, "We could." "If you can issue ten, why can you not issue a hundred billion?" I said, "You could." Then I said, "If you can sell $2,000,000,000 worth of bonds, why can you not sell ten?" He said, "You could." I said, "If you can sell ten, why can you not sell a hundred billion?" He said, "You could." Currency is a non-interest-bearing debt, as has been pointed out. Bonds are an interest-bearing debt. It is a matter of common-sense administration with either one of them, and nothing more nor less.

Now, if the gentleman will permit, gold is not back of our currency now, and you cannot get your currency redeemed in gold. If you take a gold certificate down there they will take it away from you and give you something else, but it will not be gold. Now, the only thing that is back of currency is the future earnings of the people of this country and the properties of the people of this country, as the President pointed out. The only thing that is back of the bonds, and the only thing that makes them valuable, is the future earnings of the people of this country and the properties of the people of this country. There is more profound ignorance on this question than any other one I know of, and I do not mean that is confined at all to the country generally. We ought to study it and ought to understand what we are doing, and as long as we do not do that we will be humbugged by the same bunch who has been humbugging us. [Applause.]

CONGRESSIONAL RECORD SHOULD BE WIDELY READ

Mr. PATMAN. I thank the gentleman for his contribution. I wish more people would read the CONGRESSIONAL RECORD and read the speeches of the distinguished gentleman from Mississippi, who has just addressed you. People generally do not know that they can get the CONGRESSIONAL RECORD except through their Congressman. They do not know that they can subscribe for it by paying $1.50 a month or $8 a session. I wish Members of the House would encourage their constituents to subscribe for it, if for no other reason that they be permitted to read discussions by such gentlemen as the distinguished gentleman from Mississippi [Mr. BUSBY] and become informed on these matters. It is the only uncensored publication in America. There is not any other publication in America that is not censored. The CONGRESSIONAL RECORD is the only one. The CONGRESSIONAL RECORD is the only publication that does not carry colored news, colored information, or subsidized information in some way, shape, form, or fashion, either representing an organization or special interests in some manner. I do not mean to say that all publications are corrupt, but every publication has someone to censor the news that goes into that publication, someone to color that news if they want to, but the CONGRESSIONAL RECORD is the only publication in America that carries uncensored and uncolored news, and instead of restricting its distribution I wish it were possible for each Member to send out several times as many as he is allowed today.

Mr. BRITTEN. Will the gentleman yield for a suggestion?

Mr. PATMAN. I yield.

Mr. BRITTEN. I am convinced the gentleman is just 100-percent wrong and that there is more colored news carried in the CONGRESSIONAL RECORD than in any other paper in the United States.

Mr. PATMAN. But he will be able to read a discussion on both sides of every question. Each side has an opportunity to present in the way and manner that they want to present it, their side. That is not true as to every other publication.

It is the only publication in America where one person or a committee does not have the right to say what goes in and what does not go in.

Mr. ROGERS of Oklahoma. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. ROGERS of Oklahoma. I think perhaps the gentleman from Illinois referred to times when he does the speaking.

Mr. BRITTEN. Oh, no. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I cannot yield.

Mr. BRITTEN. I did not mean to be discourteous to the gentleman, but we talk on the floor of the House about the bonus, about the sales tax, about the veterans, about legislation in which we are interested. I myself talk about the Navy. Is not that colored in the interest of the Navy as I see it? Of course, it is. Therefore, I say the CONGRESSIONAL RECORD carries more colored news in it than any newspaper in the United States.

Mr. PATMAN. But the Member representing opposing views to those held by the one who has the floor can present those views and the other Member cannot censor them. Each side of every question is fairly presented.

Mr. COLMER. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. COLMER. I hope the gentleman from Texas will not be led astray from the purpose of his speech, that of discussing the revenue.

Mr. PATMAN. My time is rapidly escaping. I think I shall address myself to the Steagall bill.

HOW PRESENT PROGRAM CAN BE FINANCED

Mr. COLMER. Does the gentleman know any good reason why the public-works program cannot be financed in the manner he has indicated?

Mr. PATMAN. There is no reason in the world why it cannot, and I believe the majority of the Members in this House would favor such a proposal. [Applause.] If you really favor it, I hope you will make your wishes known, for you can render some very effective service at this time if you will contact the Ways and Means Committee and ask that we be given a hearing on this proposition. Let your

wishes be known that that method of financing may be considered along with others.

Mr. ZIONCHECK. Mr. Speaker, will the gentleman yield before he reaches this question of the public-works program?

Mr. PATMAN. For a question.

Mr. ZIONCHECK. In the event the Government does not issue money but levies taxes, would the gentleman prefer taxing the Federal Reserve System and getting its $280,000,000 surplus and a certain percentage of the money they now have?

Mr. PATMAN. Absolutely. I am getting to that right now.

Mr. PARSONS. Mr. Speaker, will the gentleman yield for an observation?

Mr. PATMAN. I yield.

Mr. PARSONS. I do not agree with what the gentleman has said with reference to the issue of $22,000,000,000 of currency.

Mr. PATMAN. We are talking about $3,300,000,000 now.

Mr. PARSONS. I see. I do agree with the gentleman for an issue of $3,000,000,000. The public works bill is being proposed as a charity measure. It has for its purpose the giving of employment to labor, to restore buying power. After all, it is a bonus to business and to the individual workman. The $500,000,000 relief is to be included as part of the $3,300,000,000. The country has already spent probably $3,000,000,000 in this depression for charity.

Is it fair, it is right, is it honest, is it just, when everybody else is giving for charity, to tack on a bond issue bearing interest at rates from 3 percent to 5 percent, when the money is to go to charity and when we can issue $3,000,000,000 in currency to take care of the matter without the issuance of interest-bearing bonds? [Applause.]

Mr. PATMAN. I thoroughly agree with the gentleman. A bond issue if it is ever justified is only justified for projects out of which money is to be made. Certainly it is not justified where charity is to be extended or for non-self-liquidating projects as in this case.

Mr. McFADDEN. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield.

WHO WILL MANAGE NEW CURRENCY

Mr. McFADDEN. The gentleman refers to new issues of Government money. This money will go to the Federal Reserve. Who is going to manage this increased money that will be put into circulation?

Mr. PATMAN. We hoped the money would go into every section of the Nation and that it would take some time for it to get back to the Federal Reserve. When it does get back there it will be used as a reserve by banks and will serve the same purpose as though it were placed in the vaults of the banks.

Mr. McFADDEN. But the credit which is based on this money when it gets into the Federal Reserve will be under the management of the Federal Reserve.

Mr. PATMAN. Yes; I agree with what the gentleman has said, but I am hoping and trusting the Federal Reserve System will be conducted in a better manner than it has been the last 12 years.

Mr. PARSONS. Mr. Speaker, will the gentleman yield for a further question?

Mr. PATMAN. I yield.

Mr. PARSONS. I may say to the gentleman that if this $3,000,000,000 of new currency were issued the Government no doubt would place it to its credit in the Federal Reserve System and checks would be drawn against it for payment of contracts, labor, and so forth. This currency would not go out into circulation, but it would start the velocity of the currency that is now locked up in the banks.

Mr. PATMAN. That is a good suggestion. Of course, velocity is a greater factor than volume, always, but when there is no velocity there is only one way to stimulate velocity and that is by adding volume.

Mr. McFADDEN. Mr. Speaker will the gentleman yield?

Mr. PATMAN. I yield.

Mr. McFADDEN. If the course suggested by the gentleman from Illinois is pursued, the Federal Reserve System would immediately be given control over this credit.

If under the gentleman's policy money is put out in payment of its bills by the Treasury only, that which is sought to be accomplished by the gentleman will be more nearly accomplished than to place under the control of the Federal Reserve all the money and credit which is to be issued. [Applause.]

BLESSING OR A CURSE

Mr. PATMAN. As to whether or not the Federal Reserve System is a blessing or a curse depends upon whether or not the ones administering it are angels or devils.

I hope we will have better people administering it during the next few years, because I feel that during the past few years it has been administered in a way that has been detrimental to the general welfare, and I know the gentleman agrees with me.

Mr. DONDERO. Will the gentleman yield?

Mr. PATMAN. For a question; yes.

Mr. DONDERO. Will the gentleman discuss in connection with the issuance of this money what he thinks is the best method of getting this money back into the pockets of the laboring man who needs it?

PAY ADJUSTED-SERVICE CERTIFICATES

Mr. PATMAN. Of course, the gentleman knows very well that the proposal I have had in mind to get money back to every nook and corner of the Nation is to pay the adjusted-service certificates. I believe this is the best way, but at the same time this other proposal can be used as another very effective way, and as an effective vehicle to convey money into every section of this Nation. When you go to spending money on highways, the highways lead into every section, remote as well as other sections of the country. So the money will get all over the country.

In the Steagall bill there is a provision that I especially want to invite your attention to. It is in no way related to any other section of the bill.

SOP TO BIG BANKERS

I feel that the big bankers of this country are displeased with some of the major provisions of this bill, but there is one provision in the bill, whether it is intended as a sop to the big bankers or not, it certainly will have a tendency to cause them not to oppose it as much as they would otherwise oppose it. This is section 3, which says that after the Federal Reserve banks have paid their operating expenses they shall then pay 6 percent dividend on the stock that is held by the private banks of the country and then the remainder goes into the surplus fund of the Federal Reserve banks.

I want to explain to you how this section is absolutely destroying the great principle that this Congress invoked in 1913, when the Federal Reserve Act was pending before the Congress. It is changing the policy of our Government entirely. It will amount to a franchise that will be worth billions and billions of dollars for the Federal Reserve banks. The Federal Reserve banks are private institutions with every dollar of stock owned by private bankers. It is a bank for bankers only.

When these proposals were up in 1912 the monetary commission made a report and that report made the recommendation that in the event a central banking system or a semi-central banking system, like the Federal Reserve System is today, should be adopted, the Government would issue the money. It would be printed over here at the Government Bureau of Engraving and Printing as it is being printed by the millions and millions of dollars every day.

A while back they were printing $30,000,000 a day over there. When this money was to be sent to the private banks, this Monetary Commission said that every one of these bills will represent a mortgage upon all the homes and other property of all the people of this Nation and a mortgage upon all the incomes of the people. Therefore, when these bills are delivered to the private banks they

shall pay a 2-percent interest charge for the use of this Government's credit.

[Here the gavel fell.]

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to proceed for 10 additional minutes.

The SPEAKER pro tempore (Mr. AYRES of Kansas). Is there objection to the request of the gentleman from Texas?

Mr. BEEDY. Mr. Speaker, I do not care to object, but may I ask the gentleman a question? I have no objection to his request.

There was no objection.

Mr. CANNON of Wisconsin. Mr. Speaker, I reserve the right to object.

Mr. RANKIN. Mr. Speaker, I make the point of order that the gentleman is too late.

Mr. CANNON of Wisconsin. Very well.

Mr. BEEDY. Will the gentleman yield?

Mr. PATMAN. Yes.

WHY NOT PRINT MONEY FOR ALL GOVERNMENTAL EXPENSES?

Mr. BEEDY. This thought occurs to me. The gentleman is opposed to the sales tax, and the gentleman says that the way to meet the expense of this public-works program is to print money. What is the necessity of the Government's collecting any taxes? If this is an economical and a wise method of procedure, why does not the Government pay its running expenses by printing money?

Mr. PATMAN. I know that is the argument that gentlemen who represent the gentleman's school of thought always make.

Mr. BEEDY. What is the answer to it?

Mr. PATMAN. You cannot issue an unlimited amount of money. You can only issue money in proportion or in relation to your national wealth and your national income. Certainly these factors must be taken into consideration as well as your ability to redeem this money. We can redeem this money in gold up to about $4,252,000,000, and in addition to this we can redeem money in services rendered by the United States Government. This money can be used at the post offices to buy stamps or to pay for transportation, or it can be used at the Reconstruction Finance Corporation to pay back the money that has been borrowed by the banks or to pay taxes. It can be used for all kinds of Government services; and may I suggest to my good friend that we must keep in mind the ability of our Nation at all times, in some way or manner, to be able to redeem money that is issued. Therefore an unlimited amount cannot be issued.

Mr. DUNN. Will the gentleman yield?

Mr. PATMAN. Yes.

WEALTH OF NATION

Mr. DUNN. Can the gentleman state what is the wealth of the Nation?

Mr. PATMAN. A short time ago the Twentieth Century Fund Committee reported that the wealth of the Nation is about $300,000,000,000. May I add that much has been said about the amount of money the Government of the United States has been expending for veterans of wars of different kinds, and comparing it with the amount expended in other countries. If you take the ability of the United States to pay according to its wealth and the national income and apply the same rule to other countries, you will find that France and England, even Germany, has been expending from four to eight times as much on their World War veterans as has the United States.

Mr. PARSONS. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. PARSONS. In answer to my good friend from Maine, I should like to say that no one—or at least I myself have not made any pretense at issuing currency without control or without any provision for the retirement of that currency in the future. My idea is to issue the currency—save the interest during the depression—and when the revenue begins rolling into the Treasury retire the currency.

Mr. BEEDY. I want to ask the gentleman one question more.

Mr. PATMAN. I yield.

Mr. BEEDY. The gentleman's logic is that you issue within the limit this amount of money and so long as we stay within the limit represented by the gold we hold, plus the property of the United States, that is safe, is it not, according to your reasoning?

Mr. PATMAN. According to the rule I laid down national income and ability to redeem either in gold or services must be taken into consideration.

Mr. BEEDY. Within the limit?

Mr. PATMAN. Yes. Since 1850 the national wealth, income, and bank deposits have increased from 10 to 25 times. One trouble has been that the volume of money has not increased along with the increase in the bank deposits, national wealth, national income, and monetary gold stock.

Now, I hope gentlemen will excuse me and not interrupt, for there are other gentlemen who want to speak, and I do not think it is fair to ask for any further extension.

GOVERNMENT CREDIT SHOULD BE PAID FOR

I do think that you will be interested in what I am going to say about the Steagall bill.

When this monetary commission made its report that the credit of the United States should be paid for, the Aldrich bill was introduced. Mr. Aldrich proposed that when the Government Bureau of Engraving and Printing delivered the money to the private banks they should pay 2 percent interest. They called it a tax, I believe, but it was 2 percent interest. When the Federal Reserve Act was up, it was argued that there ought not to be any limit but it ought to be left to the Federal Reserve Board to say, and so section 16 of the Federal Reserve Act provides, that when this money is delivered by the Government the Federal Reserve bank shall pay the rate of interest that may be assessed by the Federal Reserve Board. And the Federal Reserve Board set a zero limit—not anything. It let the credit of this Nation be used free of charge upon the theory, of course, that when the Federal Reserve banks made their operating expenses and paid their 6-percent dividends, the remainder would go over into the Treasury anyway, and so why assess an interest charge in the beginning? Well, they were determined to capture that money before it ever reached the Treasury, and so they got an amendment inserted in the bill which provided that the money, instead of going into the Treasury, should remain as a surplus fund in the Reserve banks until the surplus fund was 40 percent of the paid-in capital stock.

That was reached in 1918, and they were about to have to pay $100,000,000 into the Treasury of the United States in 1919, but in some way, in some manner, an amendment went through to the bill which provided that the surplus fund would not go into the Treasury until after the Federal Reserve surplus fund had been increased to 100 percent, not of the paid-in capital stock but of the subscribed capital stock. The capital stock of the Federal Reserve banks is about $320,000,000. They have paid in only $160,000,000, so if they made it 100 percent of the paid-in capital stock it would not amount to but $160,000,000 for the surplus, but making it the subscribed capital stock it amounted to $330,000,000. They now have $280,000,000 in the surplus fund. They were determined to capture that money before it got into the Treasury of the United States, and thereby refused to pay for this most valuable franchise ever given to a private corporation on earth. It pays no income taxes in any way, shape, or form. And now this bill comes along and provides that they will not only pay their current expenses but we dare them to spend all they can, pay high salaries—$30,000 to $50,000—build fine buildings, though, of course, Congress must authorize that under the present legislation, and then pay 6 percent of the capital stock; and instead that this surplus go into the Treasury, as the framers of the act contemplated, this bill provides that all of it shall go into the Federal Reserve banks' surplus fund, and it will not be long until they will be declaring big dividends to themselves and paying higher salaries through being permitted to use the credit of this Nation free of charge.

The SPEAKER. The time of the gentleman from Texas has expired.

Mr. MAY. Mr. Speaker, I ask unanimous consent that the gentleman's time be extended for 5 minutes.

The SPEAKER. Is there objection?

Mr. ROGERS of Oklahoma. Mr. Speaker, I reserve the right to object. The gentleman from Wisconsin [Mr. CANNON] has been trying for an hour to get the floor. When the gentleman from Texas [Mr. PATMAN] is through—and he always makes a valuable and interesting speech—I think the gentleman from Wisconsin should be recognized. I have no objection.

The SPEAKER. Is there objection?

There was no objection.

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. Yes.

DELEGATION OF POWER

Mr. MAY. Is it not a fact that the manipulations of the Federal Reserve Board in the handling of the authority confided to it by the Congress is one of the strong illustrations of the mistakes of this Congress in delegating its powers here, there, and yonder, to boards and bureaus, and is not this the outstanding one that has done detriment to this country?

Mr. PATMAN. I think I can answer that by stating what I said a while ago. As to whether this law or any other law that is administered by a board, a bureau, a commission is a blessing or a curse will depend upon whether those who are administering it are angels or devils. If they are good, it will be all right; if they are bad, it will be all wrong. We have to depend upon somebody to administer every law that we pass.

Mr. PARSONS. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. Yes.

Mr. PARSONS. What does the gentleman think the Federal Reserve Board anticipate doing with this money in the future if this bill should pass? What will they use it for?

Mr. PATMAN. The board, if it goes to them, will put it in their vaults, and it will possibly result in retiring some of the Federal Reserve notes, and I hope it will, because every day a Federal Reserve note is outstanding somebody is paying interest upon it, somebody is paying for the use of it every day it is outstanding; but this money that we are talking about, just like the Civil War money, $346,000,000 outstanding on which the people have saved a half billion dollars of interest during the last 60 years, nobody will be paying interest upon while it is outstanding.

Mr. McFADDEN. And let me call attention of the gentleman to this fact. When this money goes into the Federal Reserve bank, it becomes a credit which is subject to multiplication under certain conditions up to 20 times, and that the Federal Reserve and its member banks will sell that money to the public and make its usual profit.

Mr. PATMAN. They have so much power now in respect to credit that certainly we need not object from that standpoint.

Mr. ZIONCHECK. If this 1-percent tax were put upon the Federal Reserve bank, would there be any necessity for a sales tax?

HOW MONEY CAN BE RAISED

Mr. PATMAN. If we were to put one half of 1 percent interest charge on Federal Reserve notes, as they are issued by the Bureau of Engraving and Printing, and one half of 1 percent interest charge on all the credit that is used by the Federal Reserve banks each year, and they should issue as much as in 1928 and 1929, we would raise from $200,000,000 to $300,000,000 a year. If we had collected this money as the law requires, we would not have any deficit in the Treasury. We would have a surplus. If we were to go back and collect it now, we would not be suffering, because we could not raise revenue. We would have plenty of money, if we had carried out the mandatory provisions of the original and existing Federal Reserve Act.

Mr. McFADDEN. Will the gentleman yield?

Mr. PATMAN. I yield.

VIOLATION OF LAW

Mr. McFADDEN. Is it not a fact, in view of what the gentleman has said, that by avoidance of the payment of this franchise tax, which is collectible under the law, the Federal Reserve Board and banks have deliberately violated the law?

Mr. PATMAN. I think they have violated the law, and I think they should be compelled to carry out the mandatory provisions of that law. I should like to see the Ways and Means Committee write into this bill, if necessary, that whenever those bankers are permitted to use our credit, if we permit them to use it at all, that they certainly shall pay a reasonable compensation for its use.

Mr. EAGLE. Will the gentleman yield?

Mr. PATMAN. I yield to my colleague.

HOW MUCH MONEY IN CIRCULATION

Mr. EAGLE. Referring to the intelligent questions asked by the gentleman from Maine of the gentleman from Texas, may I ask whether the following facts are not substantially correct: First, that of all outstanding paper money of every sort, national-bank notes, Treasury bills, the old greenbacks, silver certificates, gold certificates, Federal Reserve bank notes, Federal Reserve notes, the records show a total outstanding of substantially $6,000,000,000; secondly, is it not substantially true that it is estimated and practically proven that of that $6,000,000,000, $500,000,000 have been destroyed, burned, or lost, so that there is actually only five billion five hundred million of paper money; and is it not substantially true; third, that if to that five and one half billion were now added three billion additional paper money, making a total of between nine and ten billion dollars in paper money, we now have in the Treasury of the United States and the mints and the subtreasuries and the treasuries of the 12 Federal Reserve banks enough gold to make $47 in gold for each $100 of paper money outstanding, so that we can issue that $3,000,000,000 and have it as good as the present paper, or on the gold standard?

Mr. PATMAN. I want to thank the gentleman for his suggestions and the information. His statement is substantially correct. We have sufficient idle gold to authorize the issuance of $5,000,000,000 additional money without lowering the gold reserve below 40 percent.

The SPEAKER. The time of the gentleman from Texas [Mr. PATMAN] has again expired.

SECURITIES LEGISLATION

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent to have until midnight tonight to file a conference report on the securities bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. RAYBURN]?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. CANNON of Wisconsin. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin [Mr. CANNON]?

There was no objection.

Mr. CANNON of Wisconsin. Mr. Speaker, I desire to say a few words this afternoon on a subject that I consider very, very important, a subject that I consider rather important to Members of this House.

A short time ago I introduced a resolution that is now before the Committee on Printing. That resolution provided that we should abolish the right and privilege hereafter of extending and revising remarks in the RECORD. I am going to insist, as a Member of this House, that from now on we shall not have any extensions of remarks in the RECORD and that we shall have no revision of remarks in the RECORD. I know how you feel about it, and I am not making this argument because of the fact that I was not given recognition this morning, but I came here for the purpose of making this argument. I think it is a big joke, if you want to know it; I think it is a colossal fraud upon the people of this country for a man to stand on this floor and speak for a period of 2 minutes and go back to his office, and on a great many occasions go back with some ghostwriter, and write a big, beautiful speech of 15 or 20 pages. I think it is wrong. I think it is a fraud upon your constituents; and if you had any nerve

about you, you would agree with me on the subject. You resent it. Well, let me tell you why. Do you know what the CONGRESSIONAL RECORD is costing the taxpayers of this country? Close to $5,000 a day. I have introduced a bill that is before the Committee on Ways and Means to cut the production of the CONGRESSIONAL RECORD from 31,000 or 32,000 down to 5,000; to cut it down to 5 copies for each Member of this House and 8 for each Member of the Senate. That is enough.

Why should they be permitted to send out any more than 5 or 8 copies of this CONGRESSIONAL RECORD? What need have you for them? The only other need you have for the CONGRESSIONAL RECORD is to use it as a political tool at the expense of the taxpayers, and if that bill is passed it will save close to $4,000 a day for each day the Congress is in session.

Mr. KELLER and Mr. HOEPPEL rose.

Mr. CANNON of Wisconsin. I will yield for any question after I finish my statement, but I prefer to finish first.

Now, my friends, I have no quarrel with any Member of this House. I have got along fine with everybody. I do not have an enemy here unless it is somebody who is keeping under cover that I do not know anything about. Every man has been friendly and congenial with me. The older men have been very friendly and kind toward me. Therefore my position in this matter is not taken to be directed against any Member of this House. That is not my purpose. But my purpose is this: Not only from the standpoint of the money that can be saved, that the Printing Office can save by doing away with extension of remarks, but from the standpoint that the Members come onto this floor, stay here and argue for 5 or 10 minutes upon a bill, and the minute their argument is over—I do not say that they all do it, but the greater portion of them do it—their whole mind is set upon getting a copy of that speech, and they send a page boy out, and the first minute they are out there in the other room making revision of their remarks. Another thing that they do if they ask permission to extend their remarks: They sit here for a while and then go back to their office. Sometimes they take a ghostwriter back there with them, and the ghostwriter takes care of the speech that appears in the CONGRESSIONAL RECORD the following day. That is true, and every Member of this House knows it.

If you think that is not a fraud upon the American people, then I misunderstand the meaning of the word "fraud."

Understand, I am not in politics, and I am here under somewhat of a financial sacrifice [applause], but I believe in my heart, honestly and sincerely, that this is an abuse and it is a fraud upon the American people. If the Members of this House have not got the intelligence and the ability to come down here in the well and stand up and make a logical argument, a sensible argument that we all can understand, either pro or con on any bill that comes up before this House, I say they should not be permitted to go out into the other room and revise their speeches to such an extent that you cannot recognize them 2 hours later. Nor should they be permitted to go back to their offices and there have somebody else write speeches for them or they themselves add to their speeches probably 10 times what they said here on the floor and then have them franked out to the American people.

Mr. ZIONCHECK. Mr. Speaker, will the gentleman yield?

Mr. CANNON of Wisconsin. I yield.

Mr. ZIONCHECK. Is the gentleman going to revise his own remarks this afternoon?

Mr. CANNON of Wisconsin. I am not going to revise my remarks.

Mr. KELLER. Why not?

Mr. ZIONCHECK. What if the stenographer got some of your remarks wrong?

Mr. CANNON of Wisconsin. I say that if any man stands upon this floor——

Mr. ZIONCHECK. Just a minute; will not the gentleman answer my question?

Mr. CANNON of Wisconsin. If the gentleman will permit me to, I shall be pleased to answer it.

Mr. JOHNSON of Minnesota. Mr. Speaker, will the gentleman yield?

Mr. CANNON of Wisconsin. Yes; I yield to the gentleman from Minnesota and to any other Member who wishes to ask a question.

Mr. JOHNSON of Minnesota. What would happen if a farmer like myself made a speech here? I am not a silver-tongued orator and, of course, I have to revise my remarks. However, the people of the country who happen to read them know very well I did not deliver that speech. [Applause.]

Mr. BOILEAU. Mr. Speaker, will the gentleman yield?

Mr. CANNON of Wisconsin. I yield.

Mr. BOILEAU. As I understand, the gentleman's objection is not directed toward a Member making slight corrections, corrections of grammar, and so forth, to make his remarks appear as he intended to express them.

Mr. CANNON of Wisconsin. No.

Mr. BOILEAU. But rather to an extension of the material of his remarks?

Mr. CANNON of Wisconsin. When a man takes the floor and makes a speech and later discovers there are errors in it, grammatical errors, and we have heard a lot of them here, he should be permitted to correct them in order that the speech may go back to his constituents correctly.

Mr. DONDERO. Mr. Speaker, will the gentleman yield?

Mr. CANNON of Wisconsin. I yield.

Mr. DONDERO. Is it not true that the real reason we are permitted to extend our remarks in the RECORD—and I admire the gentleman's earnestness—that with 435 Members in this body it is absolutely and physically impossible for every Member to take the well of the House and express his opinion on pending matters? There is no other way for the Members to do it in many instances than by an extension of remarks. And is it not further the truth that the gentleman's constituents desire and demand the CONGRESSIONAL RECORD? I cannot get half enough copies to supply the demands from my constituents.

Mr. CANNON of Wisconsin. The gentleman's constituents may desire it, but the gentleman knows that many of the 32,000 copies of the CONGRESSIONAL RECORD that are sent out daily into rural districts take the place of the Sears-Roebuck catalog. The gentleman knows this is true.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. CANNON of Wisconsin. I yield.

Mr. BLANTON. May I call the gentleman's attention to the fact that there are 19 big counties in my district, and several high schools in each county, and there is a university of the first class and seven big colleges in my district, and all these schools maintain a library. Many of them want these RECORDS. They demand them. With my limited allotment, I cannot furnish a third of the schools in my district that ask me for them. I cannot get enough to furnish daily newspapers and large school libraries in my district that demand copies.

Does not the gentleman think they are a great help to the boys and girls in all these schools?

Mr. CANNON of Wisconsin. I agree with the gentleman's statement. If the gentleman will read my bill, he will find they are taken care of.

Mr. HOEPPEL. Mr. Speaker, will the gentleman yield?

Mr. CANNON of Wisconsin. I yield.

Mr. HOEPPEL. May I ask the gentleman if he voted for any of the gag rules?

Mr. CANNON of Wisconsin. Yes; I have voted for them.

Mr. HOEPPEL. Then may I not remark that the gentleman is running true to form when he wants to gag the RECORD.

Mr. LAMBERTSON. Mr. Speaker, will the gentleman yield?

Mr. CANNON of Wisconsin. I yield.

Mr. LAMBERTSON. If the gentleman persists in his attitude, will he have any objection if the Democratic Rules Committee brings in a rule to override him?

Mr. CANNON of Wisconsin. If the Democratic side of this House wants to bring in a rule to override my position, they are at liberty to do so.

Mr. ZIONCHECK. Mr. Speaker, will the gentleman yield?

Mr. CANNON of Wisconsin. I yield.

Mr. ZIONCHECK. Is the gentleman at this time campaigning against his predecessor who took up so much of the RECORD?

Mr. CANNON of Wisconsin. To whom does the gentleman refer?

Mr. ZIONCHECK. To the former Member from Wisconsin, Mr. Stafford.

Mr. CANNON of Wisconsin. Am I campaigning against him?

Mr. ZIONCHECK. Yes.

Mr. CANNON of Wisconsin. I am not campaigning against anybody at the present time.

Mr. ZIONCHECK. He used to take up a lot of the RECORD, and I was wondering whether the gentleman was referring to him.

Mr. CANNON of Wisconsin. Mr. Stafford was not my opponent.

Mr. BLANTON. Since his name has been mentioned, will the gentleman allow me to say that Mr. Stafford was one of the most valuable Members this House ever had. [Applause.]

Mr. ZIONCHECK. Schafer was the gentleman's opponent, was he not?

Mr. CANNON of Wisconsin. Yes; Schafer was my opponent.

[Here the gavel fell.]

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. WOODRUM. Mr. Speaker, I shall join any gentleman of the House in any movement that means real economy, but I want to say to my young friend who is serving the people of the Nation at a financial sacrifice [laughter], that it would be false economy to undertake to limit the number of the issues of the CONGRESSIONAL RECORD.

I agree with the gentleman in saying that the privilege of the RECORD is often abused. It is not abused as much at this end of the Capitol as it is at the other end of the Capitol, but it is abused, and I do think that a great deal of good could be accomplished, the size of the RECORD could be reduced, and its value as a document of information could be increased if there could be some sensible and logical understanding between the two bodies and among ourselves as to what we put in the RECORD.

But let me say to you, my colleagues, that it will be a sad day in this country whenever the people of the country do not have full and ready and accurate information as to what we are doing or what we are not doing in this body. [Applause.]

Under existing law each Member is allowed 59 copies of the daily RECORD for distribution. The gentleman would limit the number of copies to 5 to each Member.

Five copies of the CONGRESSIONAL RECORD would not supply your libraries, or your newspapers, or your debating societies. By the time we take one copy at our office and one copy at our residence, as most of us like to do, if we read the RECORD at night—as you probably have to do—you would not have enough copies to go around, and I think my experience and your experience has been that the vice of the CONGRESSIONAL RECORD is not in the number of copies, but in the liberality with which articles are extended in the RECORD.

Mr. PARSONS. At the other end of the Capitol.

Mr. WOODRUM. As my friend suggests, at the other end of the Capitol. Of course, I cannot say to what body I am referring, but I shall leave that to your fertile imagination.

Mr. BLANTON. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. BLANTON. Our friend from Wisconsin [Mr. CANNON] had in mind the famous extension of remarks made by a distinguished Senator from Wisconsin of nearly 100 pages of the RECORD, and his enthusiasm is based, possibly, on that incident. No Member of the House approves of such extensions as that.

Mr. WOODRUM. I remember the extension that the gentleman refers to. I remember another extension that I figured up cost something like $1,200 or $1,400, in which the entire record of some senatorial investigation was reproduced in the CONGRESSIONAL RECORD, and as you gentlemen know, you pick up the RECORD almost every day and see where some gentleman has put in the RECORD great columns of newspaper articles and editorials.

Mr. CANNON of Wisconsin. Will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. CANNON of Wisconsin. Does the gentleman know that a Member of the House a very short time ago sent out 200,000 copies of a printed speech?

Mr. KELLER. It was paid for?

Mr. CANNON of Wisconsin. Yes; it was paid for, but it was printed at the Government Printing Office and that speech cost $11.30 for the first thousand and $2.30 for every additional thousand. This same speech was submitted to a reputable union printer here in the city and he was asked what 200,000 copies of the speech could be printed for without any profit to him, and he said, $40 for the first thousand and $10 for the balance.

Mr. WOODRUM. Of course, I do not know anything about the particular case the gentleman is talking about and I do not believe his information is correct. The speeches that Members of Congress have printed and sent out are paid for by themselves out of their own pockets and not at the expense of the taxpayer. They are franked and, possibly, the franking privilege may be abused. I am not defending that, but the cost of the printing of speeches, so far as my information goes, is borne by the Member of the House and paid for out of his own pocket.

Mr. CANNON of Wisconsin. Just one more question. May I say that the Printing Office has advised me that they are losing money daily on these speeches and that they are not receiving the actual cost of printing these speeches.

Mr. MAY. Will the gentleman yield for a question?

Mr. WOODRUM. Yes.

Mr. MAY. With the previous attitude of the general press of the country toward the Congress for the last few years, what medium has the Congress of the United States to use to give their constituents the truth about what they are doing except the CONGRESSIONAL RECORD?

Mr. WOODRUM. That is quite true.

[Here the gavel fell.]

Mr. RANKIN. Mr. Speaker, I ask unanimous consent that the gentleman may proceed for 5 additional minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. WOODRUM. Every day there goes out of this body a photograph to the people of this country of just what we have said and what we have done; and speaking about the right to revise your remarks, gentlemen, it is a saving grace sometimes.

I want to say with the utmost kindness, as an old, gray-haired Member to a splendid, bright, young gentleman, that when he gets his remarks this afternoon he ought to revise them, because he is put in the attitude of making a very serious aspersion on an honorable body of which he is a Member, and a gentleman ought never to place himself in that attitude. [Applause.]

Mr. BLANTON. Will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. BLANTON. And reports during the consideration of the economy bill showed that all of the documents that are franked by the Government from all the departments, including Congress and all independent offices, constitute only one tenth of 1 percent of the deficit in the Post Office Department, and the President of the United States in his radio address on postal matters said that with the present

Post Office force it could handle twice as much mail with the same cost at which it is handling the mail now.

Mr. WOODRUM. Exactly.

Mr. BLANTON. So the franking privilege, so far as handling it in post offices is concerned, has cost the Government practically nothing. The Post Office employees receive nothing additional for handling it.

Mr. BYRNS. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. BYRNS. I do not wish to have the RECORD show that Members of the House are having the printing of their speeches done at less than cost. The fact is the Government Printer estimates the actual cost of all speeches he prints, and Members of Congress reimburse the Government for every dollar expended in connection therewith, and, as I am informed, plus 10 percent added to cover any possible mistake in the estimate.

Mr. RANKIN. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. RANKIN. The gentleman from Wisconsin has evidently been talking with some disgruntled printer who wants to do the printing of these speeches. May I call the attention of the House to the fact that Congress is being constantly abused by newspapers for exercising the franking privilege, when every newspaper that attacks Congress has the franking privilege for papers in its own county, and that it costs $102,000,000 more than they pay in postage to carry those newspapers and magazines.

Mr. KELLER. Will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. KELLER. I suppose the gentleman's experience is the same as mine, that I pay extra postage on matter that I send out for my constituents to more than pay for the benefit I derive from the franking privilege.

Mr. DONDERO. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. DONDERO. Is it not true that the people of the Nation look to this body for the dissemination of information which they can get in no other way?

Mr. WOODRUM. I think the gentleman is correct.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. COCHRAN of Missouri. I have sent to the document room and procured a copy of the bill introduced by the gentleman from Wisconsin. It applies solely for the distribution of the RECORD. There is nothing in it regarding the abuse of the RECORD. If there is anything that should be done in the House it is to correct that abuse, and I might add the Senate should act first.

Yesterday I talked with the gentleman from New York [Mr. SNELL] and suggested to him that he confer with the Democratic leader [Mr. BYRNS], agree upon two men on each side of the House, and let the House know that four men have been appointed who would be on the floor in the future to object to any unanimous-consent agreement to put anything in the RECORD other than Members' own remarks. I refer to the insertion of editorials and newspaper articles.

Mr. WOODRUM. I am somewhat in sympathy with that, except for this fact: I have seen that rule enforced in the House, and the only result was that it deprived our colleagues of putting in what they wanted to put in and the matter was inserted usually at the other end of the Capitol. If you enforce it at all, it ought to be enforced at both ends of the Capitol.

[Here the gavel fell.]

MEETING TOMORROW AT 11 O'CLOCK

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

Mr. ROGERS of Oklahoma. Mr. Speaker, reserving the right to object, and I shall not object, I want to make this explanation, that because I did not object to the request of the gentleman from Wisconsin I do not wish it understood that I agreed to everything he said.

Mr. BLANTON. Reserving the right to object, I want to call the attention of my friend from Wisconsin [Mr. CANNON] to the fact that while he was reflecting on the remarks he made against extensions, the gentleman from Michigan [Mr. WOLCOTT] has just gotten permission to extend his remarks in the RECORD.

Mr. CANNON of Wisconsin. I am letting the matter go by for today; but I shall begin tomorrow.

Mr. LAMBETH. Mr. Speaker, the gentleman from Wisconsin in his colloquy with the gentleman from Virginia stated that the Government Printing Office loses vast sums of money in reprinting the speeches of Members of Congress, implying that that is the cause of the deficit. I want to say that that is not the fact. I have official information from the Public Printer that he figures the cost of printing the speeches and sells them to Members at cost. I want to say, too, that the gentleman reflected seriously and unjustly on the integrity and ability of a faithful public servant who has been in charge of the RECORD for over 50 years—Andy Smith.

PERMISSION TO ADDRESS THE HOUSE

Mr. WEIDEMAN. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes.

The SPEAKER. Is there objection?

There was no objection.

THE GOVERNMENT SHOULD CONTROL THE BANKS—BANKS MUST NOT CONTROL GOVERNMENT

Mr. CANNON of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. WEIDEMAN. I cannot yield now.

Mr. Speaker, I have obtained this time in order to speak on the bill introduced by the Chairman of the Committee on Banking and Currency, H.R. 5661, but before doing that I want to comment on the matter that the gentleman from Wisconsin discussed. He would curtail the distribution of the CONGRESSIONAL RECORD. I would be in favor of increasing the number of CONGRESSIONAL RECORDS allotted to each Member, to distribute throughout the country, so that the people may know the work that we are actually doing here. [Applause.] The CONGRESSIONAL RECORD will stand as a part of the current history of the country. Of course, it is unfortunate that the gentleman who preceded me in the Seventy-second Congress [Mr. Clancy] and who was on the Republican side of the House, distributed the CONGRESSIONAL RECORD to the presidents of boards of commerce, bank presidents, industrial executives, Wall Street, and so on. I have changed that method of distribution. I send mine out to every school that applies and to the people back home who want to know and should know what is going on, and if we could have a few more copies of this RECORD to send back to the people, to the tillers of the soil and the workers in the factories, we might have some changes of faces here, more than we have had in the past. I am anxious to have my people know what I am doing.

I compliment Members here whose faces I see today, some of the older faces. I see them here day after day and week after week. They do not miss a minute. It is necessary to print this RECORD so that the people who are elected here to Congress, but who do not seem to have time to attend the sessions, may know what is going on. I say this because of the fact that so many Members evidently do not have time to attend the sessions of Congress. Many of them spend their time looking for jobs in the departments, when they are paid to be here to discuss this and other matters of interest to all of them, whether Republican or Democratic. This is our open forum for discussion, where we meet and exchange views, and I, for one, will willingly vote to increase the number of CONGRESSIONAL RECORDS to be distributed throughout the country at any time. [Applause.]

Mr. CANNON of Wisconsin. Mr. Speaker, will the gentleman yield?

SOME SUBSIDIES OF GOVERNMENT

Mr. WEIDEMAN. No. The gentleman has shown much concern over the cost of this RECORD. I wonder if he has

raised his voice against the subsidy given to the newspapers, amounting to $102,000,000 every year. The Post Office Department donates this amount to the newspapers yearly, due to losses suffered in carrying their mail. I wonder if he has raised his voice, either on the floor or by an extension of remarks, against the subsidy given to the steamship lines, amounting to $21,000,000; and whether he has raised his voice, either by extension of remarks or on the floor of the House, against the subsidy of $20,000,000 a year given to the aircraft lines. Let us not quibble over these little things; let us get at these big subsidies. Let us get down to the root of this thing, down to the banking situation in this country, which controls us all.

MONEY CONTROLS PUBLIC OPINION

How far do the bankers exercise their control over the country? I mention this because we are to be asked to pass a bank bill in a few days. They control radio, and how! They control the movie industry and sell the people worthless stock, they rob and commit pillage of the people day in and day out, by stock issues. First, there is Wall Street. What does Wall Street control, and the House of Morgan and the House of Kuhn-Loeb, and all the rest of them? They control all of the voting stock in radio, banks, and the motion-picture industry and they control the means of publicity that some Members of Congress are fearful of. They determine whether or not you men are going to be sent back here. You will not come back if you are afraid. Of course, I do not expect to get any of that publicity from the controlled press or radio; I do not want it. I got a call only last week when voting on the radio bill. A boy that I attended college with 15 years ago called me up from New York and asked me how I was going to vote on the investigation of the movie industry. He said that one of the owners of the chain theaters and chain radio in Detroit was there with him in New York and also wanted to know how I was going to vote. I voted for the investigation. That is my answer. Wall Street tries to control your vote, and everybody else's, by threat. That was an indirect threat. I do not expect to get any advantage from them. I do not want it. They did not send me here. I am solely responsible to the ordinary citizens and not to Wall Street or the subsidized press.

ST. LAWRENCE WATERWAY

We had a matter up here in respect to the St. Lawrence waterway. I voted to refer that bill back to the committee and then refer it back to the House with instructions that our vote on the ratification of the agreement made between the Power Authority of the State of New York and the United States Government should not be construed as the feeling of the House on the waterway. I did that for this reason: I do not think the United States got as fair a deal in that treaty as it was entitled to. Ninety percent of the St. Lawrence River lies wholly within Canada.

UNITED STATES OUTMANEUVERED

A Canadian editorial appearing in the Toronto Mail and Empire of July 18, 1932, places the cost to the Canadian treasury at $38,000,000 and the cost to the United States, part of which is assumed by New York State, at $600,000,000. The Canadian Minister has worked on this treaty, and they have provided that all of the work done in Canada must be performed by Canadian labor, and that all of the material must be Canadian material—and still we are paying over 66 percent of the cost of that. Of the horsepower to be developed, Canada gets four fifths and the United States one fifth.

AMERICA FIRST

Now, do you think Uncle Sam is getting a fair deal? I do not. I am interested in protecting the rights of American citizens, American labor, American capital, and American seaports. In addition, the St. Lawrence River is only open 7½ months a year. There has been a lot of ballyhoo, and one of the newspapers in Detroit, which is also tied up with these bankers, said, "Why stab the seaway?" I did not stab the seaway. I voted for the ratification of the power agreement, but I am interested in protecting American rights, and do not want American citizens taxed for this construction, and advantages given to Canada. I am not interested in destroying the ports on the Great Lakes. It is another well-known fact that we have had uniform control of Lake Michigan all these years, and under this treaty we make Lake Michigan an international lake. I am more interested in this country than I am in England, despite the fact that our former administration seemed to be more concerned in the welfare of England than in the welfare of this country in the drawing of treaties. The former administration even went overseas to get these new brass doors for the Commerce Building at a cost of $6,000 a door. I hope we do not follow in their footsteps.

Now, I want to bring to the attention of some of the new Members something that I have discovered since I have been here. There is not anything so mysterious about money that we cannot all understand it; and if there is any piece of legislation that is brought before this House that you cannot understand, you have no business passing it on to the general public to be a law to govern them. It is when we make laws mysterious and unintelligible that we get into deep water. Let us keep our laws in plain language, in simple facts, so that we can all understand them and we will not get far away from our duty.

CONGRESS SHOULD BE INFORMED

The Federal Reserve Board publishes a bulletin every month. You will not get this bulletin unless you ask for it. I advise every Member of Congress to write to the Federal Reserve Board and ask them to send you their bulletin published each month. It has worlds of information in it. You can see the trends of money, the foreign exchange, and many other things, and I advise you all to get that. Of course, I am speaking to the new Members, I cannot speak to the old Members, but after listening to some of them, I think perhaps they should read some of these things, too. [Laughter.]

Here is the annual report of the Federal Reserve Board. That is just full of statistics concerning banking and currency, and you will have to write for that, too. You will have to insist on it. After you write for the Federal Reserve Bulletin, ask that you be placed on the mailing list or you will only get one issue.

I would also advise you to get a copy of the Federal Reserve Act and read it through. You are charged with governing the finances of this country, and I will venture to say there are not 2 percent of the Members of this House who have ever read that act. I want to commend that to the Members who are interested in the financial condition of this country.

MEMBERS DISCUSS BANKING BILL

Last week we met in a little group. There were Representatives KELLER, of Illinois, PATMAN, of Texas, MCFARLANE, of Texas, PARSONS, of Illinois, Judge FIESINGER, of Ohio, FORD and KRAMER, of California, ZIONCHECK, of Washington, LLOYD, of Washington, KNUTE HILL, of Washington, and about 30 other men who were present at this conference to discover what was in this bill. We are interested in restoring the financial system in this country to the proper hands. I think it is the duty of every Member of Congress to know what is in a bill before he votes for it. In line with that, Mr. MCFARLANE and myself, after consulting with those gentlemen, spent a little time going over this bill. I have prepared some amendments to H.R. 5661, the Steagall bill, which amends the Federal Reserve Act.

SHOULD WE AMEND BILL?

I think if you are going to give the banking powers back to Wall Street you should at least do your constituents the courtesy of reading this bill through. You are charged with knowledge of what is in the bill. In section 3 of the bill this is what they do: In section 3 we have a new section amending the old law. The old act provided that after the Federal Reserve bank gets $160,000,000 in reserve the surplus should be turned back to the Treasury of the United States. The original provision in the Federal Reserve Act provided for a reserve in the Federal Reserve bank of $40,000,000. When

they got the $40,000,000, so that they would not have to pay anything to the Government, the bankers increased it to $160,000,000. Now, what does this bill propose to do? On page 5, line 4, H.R. 5661 provides:

Net earnings shall be paid into the surplus fund of the Federal Reserve bank.

Do not you see what you are doing? You are giving away the entire power to control money in this country, and you are giving it to Wall Street. You are giving them an absolute franchise on money. For what? For nothing. They give the country nothing. I wish I had that franchise. Just think of it. If you could give me bonds and I could have money printed on them and go out and lend it at whatever rate of interest I could get, anyone could make money. One of my amendments is to strike that language from the bill entirely. The other amendment is where it reads "Federal Reserve bank", to strike out those words and insert "the United States Government."

The Federal Reserve banks are not owned by the Government. They are private institutions. They are entitled to 6 percent of the earnings that they make. What were the earnings in 1931? That is the last report I could get. Why, you people are robbed blind by the expenses incurred by the Federal Reserve banks. From the very inception they would buy a piece of property at $60,000 for bank sites and sell it back to the Government within a few months for $300,000; not only once, but many times. I use these figures for purposes of illustration.

Now, about earnings, the gross earnings of the Federal Reserve banks in 1931 amounted to $29,701,000, or $6,723,000 less than in 1930, and were lower than any other preceding year since 1917. After deducting current expenses of $27,040,000, somewhat less than the previous year, and allowing for the depreciation on bank currencies, reserve for losses, and so forth, there remained net earnings of $2,000,000. Just think of the expense to run the Federal Reserve banks of this country. Twenty-seven million dollars, which goes out mostly in salaries to executives, for paying telephone bills, business losses, and so forth. I ask you to examine this some day. They are just committing robbery upon the people day after day. This is the first section to which I call your attention, section 3.

The second is section 4. On page 5, line 10, they have included Morris Plan banks. They are allowed the right of getting Government privileges the same as Federal Reserve banks and State banks. I do not know of any single reason why this private group of highwaymen calling themselves the "Morris Plan Bank," should be allowed the privilege of using Government money. If we would follow the plans outlined by the gentleman from Texas [Mr. PATMAN] and the gentleman from Illinois [Mr. KELLER], we could pay the soldiers' adjusted-compensation certificates twice over.

Another matter to which I wish to call your attention is page 8, section 5, line 11. I have prepared amendments on all of these. We hope to be able to offer amendments under the 5-minute rule. I am taking these matters up in advance to advise the Membership what I have found. I have spent considerable time trying to analyze this bill, but did not nearly get through it. We are hoping that tonight the same group of interested men who are trying to save this country will get together to discuss this matter further.

This language reads:

The Secretary of the Treasury and the Comptroller of the Currency shall be ineligible during the time they are in office and for 2 years thereafter to hold any office, position, or employment in any member bank. The appointive members of the Federal Reserve Board shall be ineligible during the time they are in office and for 2 years thereafter to hold any office, position, or employment in any member bank, except that this restriction shall not apply to a member who has served the full term for which he was appointed.

Why, that is just the man we should reach, and I shall seek to modify this language. If we are going to get the banking situation back in the hands of the people, back in the hands of the Government, we have got to take it out of the hands of the big bankers. We trusted them and see what they have done to us.

SHOULD BANKERS BE APPOINTED FOR 12 YEARS

Farther down on page 8 the term of office is fixed at not to exceed 12 years as the term of any appointive member of the Federal Reserve Board.

I propose to offer an amendment reducing the term to 6 years.

[Here the gavel fell.]

Mr. WEIDEMAN. Mr. Speaker, I ask unanimous consent to proceed for 5 additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. DONDERO. Mr. Speaker, will the gentleman yield for a short statement?

Mr. WEIDEMAN. Yes; I yield to my colleague from Michigan.

Mr. DONDERO. The gentleman made the statement that he had voted for the ratification of the treaty between Canada and the United States. I do not think the gentleman meant that.

Mr. WEIDEMAN. No; I did not say that.

Mr. DONDERO. Treaties are ratified at the other end of the Capitol.

Mr. WEIDEMAN. I think the gentleman misunderstood me. I said I voted for the ratification of the agreement between the Power Authority of the State of New York and the Federal Government.

Now, let me call the attention of the House to one or two other matters.

We elect our Senators for only 6 years, and that is too long; they get too far away from the people. This is my first term, but I see now how easy it is to get out of contact with things at home. The Members live in a different atmosphere here in Washington. They live in a different background, and I can well understand how easy it is to become divorced from the feelings of the people.

I propose to offer an amendment changing the term from 12 years to 6 years. With the term of 12 years, no administration can control the Federal Reserve Board. With the term fixed at 6 years for new appointees, the President can get control of the Board and appoint members who will act in the interests of the people of the United States and for their benefit.

I wish to call attention also to section 12 (a), a new section which creates a Federal open-market committee. This is going to deal with the international aspects of banking operations. I have not time to go into it now, but I ask you to read this section carefully, and examine it, to see that you know what it is, and then follow it back through the Federal Reserve Act and through the United States Code so you can see the change that has been made.

Another matter I wish to speak of is section 9 on page 14 which amends section 14 of the Federal Reserve Act as amended. I propose to offer an amendment providing that they shall report all relationships and transactions to the Congress of the United States on the 1st day of January of each year. This relates to international dealings. Why, the bankers here have loaned hundreds of millions of dollars on foreign securities. I have a list here but I have not time to go into the matter at this time. I propose that the Congress shall know where our money is going, how many hundreds of millions of dollars of the people's money is being invested in foreign countries for the building up of industries employing cheap foreign labor to compete with the industries of our own country.

SHOULD BANKERS USE GOVERNMENT MONEY FREE?

Section 8 provides for advances to member banks, and so forth. I propose to offer an amendment to section 8, page 13, line 17, by inserting, after the word "Board"—and this deals with revenues—the following words:

But not to be less than 2 percent interest per annum.

I propose that a charge be placed upon Federal Reserve banks for Government money that they use.

I propose, inasmuch as the other law did not fix any charge and Professor Goldenweiser, before the investigating com-

mittee, said that the banks had fixed a zero charge for the use of this money, and that is how the Government got gyped—I propose to write in here 2 percent. Do you know why? The Federal Reserve bank, for instance, finances automobile purchases. In short, the General Motors sells you a car and they take the paper to the bank and the Government gives them Federal Reserve money, for which they pay the usual rate of interest. The Federal Reserve does not pay anything for the use of this Government currency, still General Motors charges the person who buys the automobile 21 percent for financing charges. That is how they are making money off us.

LIMIT SALARIES TO $15,000 A YEAR

There is another provision in here, section 5 (b), with respect to the payment of salaries, and I propose to insert there, after the word "therewith", in line 25, page 9, the following:

Provided, That no officer, member, or employee whatsoever shall receive a salary or remuneration in excess of $15,000 a year.

They say we cannot get a good banker for $15,000 a year. We have had $200,000-a-year bankers and they robbed us, did they not? I say you can get honest men for $15,000 a year. If we can get a Vice President to serve the United States who is honest and who is guarding the interests of the people for $15,000, I say you can get bankers to work for $15,000 a year. [Applause.]

The following statements are included to show to what extent the original purposes of the Federal Reserve have been changed, and to what limits the international bankers will go in their attempts to control the entire economic and financial structure of the United States and of the entire world.

AMENDMENTS TO THE FEDERAL RESERVE ACT PROVIDING FOR THE SALE OF FOREIGN SECURITIES IN THE UNITED STATES AND FOR THE INVESTMENT BY NATIONAL BANKS OF THEIR DEPOSITORS' MONEY IN THE STOCKS OF INVESTMENT TRUSTS AND OF BANKS ENGAGED IN FOREIGN BANKING

The following statement is offered in explanation of the foreign banking amendments to the Federal Reserve Act, as part of the history of this act:

Acts were approved September 17, 1919; December 24, 1919; and June 15, 1921, all relating to the same general subject matter, namely, the investment by national banks in the stock of corporations engaged in foreign banking and other international financial operations, and the organization and operation of such corporations under Federal law and subject to Federal supervision. After the close of the war it became apparent that the adequate financing of foreign trade would require credit facilities of a kind which could not properly be furnished by banks doing a strictly commercial banking business, and that such special facilities could be furnished in a large way only by corporations with authority to purchase foreign securities and paper representing long-term credits, and with authority to issue and sell to the public their own debentures secured by such securities and long-term paper.

The act of September 7, 1916, had amended section 25 of the Federal Reserve Act so as to authorize the larger national banks—that is, banks with capital and surplus of not less than $1,000,000—to invest, in the stock of "banks or corporations * * * principally engaged in international or foreign banking." There seemed to be some doubt, however, whether this authority to invest in stock of banks or corporations engaged in banking gave the right to invest in stock of these debenture-issuing or investment corporations. Furthermore, it seemed desirable for the encouragement of such corporations to authorize investments in their stock by all national banks, both large and small. Consequently, the act of September 17, 1919, was passed, authorizing national banks, until January 1, 1921, and without regard to the amount of their capital and surplus, to invest in the stock of corporations "principally engaged in such phases of international or foreign financial operations as may be necessary to facilitate the export of goods, wares, or merchandise from the United States or any of its dependencies or insular possessions to any foreign country."

Section 25, as thus amended, in terms authorizes national banks, upon the conditions and subject to the limitations therein stated, to invest in the stock of banks or corporations of the specified kinds which are "chartered or incorporated under the laws of the United States or any State thereof"; but, as a matter of fact, no provision was made for the incorporation under Federal law of such banks and corporations until the enactment of the so-called "Edge Act", approved December 24, 1919.

This act added to the Federal Reserve Act a section, designated section 25 (a), which authorizes the organization of corporations "for the purpose of engaging in international or foreign financial operations", thus permitting the Federal incorporation of both types of corporations referred to in section 25; that is, banks doing a commercial banking business and corporations issuing debentures and doing an investment business. The act also describes the powers of such banks and corporations and gives to the Federal Reserve Board full power to examine, supervise, and regulate their operations.

Section 25 (a) as originally enacted required that corporations organized under it should have a capital of not less than $2,000,000, one quarter of which must be paid in before the corporation is authorized to commence business, and the balance in 10-percent installments at the rate of one every 2 months. This requirement was modified by the act approved June 14, 1921, which provides in effect that a corporation with an authorized capital in excess of $2,000,000 may apply for the consent of the Federal Reserve Board that such excess be paid in on call of the board of directors, provided that in all events 25 percent of the total capital must be paid in before the corporation commences business.

The words "debenture-issuing or investment corporations" mean investment trusts. The other corporations that can be organized under section 25 and 25 (a) of the Federal Reserve Act do a foreign banking business, as, for instance, the Chase National Bank, financial friend of Soviet Russia, but do not issue debentures, bonds, or notes.

Under these amendments to the Federal Reserve Act—that is, under section 25 and section 25 (a)—foreign securities were brought into the United States in blocks. These blocks were divided and distributed in lots to investment trusts. The national banks were permitted to invest in the stock of these Federal Reserve investment trusts practically without limit. Shares of the investment trusts were then sold. The Comptroller of the Currency defined marketable securities in such a manner as to include them. These foreign securities are not the same securities as those which were floated in this country. These securities, in the most part, were floated abroad and purchased on foreign stock exchanges. The total amount of such securities put into the United States investment trusts under the supervision of the Federal Reserve Board is a large one.

GOVERNMENT AIDS INVESTMENT TRUSTS

The effect of bringing those foreign securities into the United States was disastrous. They were brought in here in lieu of gold. During the past 6 years the United States has gained no gold on net account. When the shares of the investment trusts sank to a few cents on the dollar the unreliable foreign securities carried down the United States securities with which they were intermingled. This led to the formation of the superinvestment trust known as the "Reconstruction Finance Corporation." During the hearings on the Reconstruction Finance Corporation bill someone asked if the Corporation was designed to help private bankers. A gentleman at the other end of the Capitol said it would "relieve investment trusts." The Reconstruction Finance Corporation might have been formed under existing law; the chief object of the specific bill was to capitalize it with Treasury funds. If the Federal Reserve Act had not been amended in section 25 and by the addition of section 25 (a), the Reconstruction Finance Corporation, unconstitutional and dangerous, would never have been formed.

The nature of the foreign securities which were unloaded on the United States under sections 25 and 25 (a) is shown in the following list of German securities held by the United Founders and its subsidiaries (about May 1931). It has been said that international bankers have repurchased many of these securities at trifling cost. This scheme paid billions to its promoters and, by means of it, hundreds of small United States banks were ruthlessly and deliberately destroyed to make way for predatory branch banking on a Nation-wide scale.

Could anything be more dangerous than the transformation of national banks into investment trusts, with power to sell questionable foreign securities to our nationals under cover of deceptive corporate titles?

HOW THE BANKERS GAMBLED WITH AMERICAN MONEY

United Founders

This is a holding company owning a majority of the shares of 2 investment companies and of 1 public-utility holding company (United States Electric Power Corporation). It has an interest in the earnings of The Public Utility Holding Corporation of America. It is the largest stockholder but not the controlling stockholder of The Public Utility Holding Corporation of America. Until recently, it has had Allied General Corporation associated with it as a security distributing company.

1. The United States Electric Power Corporation owns 70 percent of the common stock of Standard Power & Light, which in turn owns a majority of the common stock of Standard Gas & Electricity, which, with its subsidiaries and affiliated companies, constitutes a Nation-wide system of public-utility companies.

2. The two investment companies which are subsidiaries of United Founders have in turn several subsidiaries of their own.

In general, the United Founders group may be considered as being chiefly composed of the following members:

1. United Founders Corporation.
2. American Founders Corporation.
3. International Securities Corporation of America.

4. Second International Securities Corporation.
5. United States & British International Co., Ltd.
6. American & General Securities Corporation.
7. American & Continental Corporation (engaged in extending intermediate credits to countries on the Continent).
8. Investment Trust Associates.
9. United States Electric Power Corporation.
10. Standard Light & Power Corporation.
11. North & South American Corporation.
12. Interest in Trans-Oceanic Finance Subsidiary, Ltd., an investment trust, and its affiliate, organized in England with Helbert, Wagg & Co., Ltd.
13. International & General Corporation; Tri-Continental Corporation; and Ephrussi & Co., of Vienna.
14. United National Corporation (affiliate of American Founders).
15. Insuranshares Corporation of Delaware.
16. Allied General Corporation (former connection).

These concerns have a common office and own stock of one another and make investments with a common purpose. Their investment policy may be discovered by analyzing their investments.

1. United Founders has, among other investments, the following stocks of German utility companies:

	Reichsmarks
Bank for Electrical Securities	294,600
Charlottenburg Water Works	684,000
Electric Light & Power Co	402,600
German Continental Gas Co	654,000
"Gesfurel"	1,450,500
Hamburg Electricity Works	572,000
Rhine-Westphalia Electric Power Corporation	731,600
Silesian Electric Works	446,100
Silesian Electricity & Gas Co	282,000

2. American Founders has the following stocks of German utility companies:

	Reichsmarks
Bank for Electrical Securities	294,600
Charlottenburg Water Works	684,000
Electric Light & Power Co	402,600
German Continental Gas Co	654,000
"Gesfurel"	1,450,500
Hamburg Electricity Works	572,000
Rhine-Westphalia Electric Power Corporation	731,600
Silesian Electric Works	446,100
Silesian Electricity & Gas Co	282,000

3. International Securities Corporation of America has the following stocks of German utility companies:

	Reichsmarks
Bank for Electrical Securities	150,000
Charlottenburg Water Works	358,000
Electric Light & Power Co	110,600
German Continental Gas Co	198,000
"Gesfurel"	656,000
Hamburg Electricity Works	172,000
Rhine-Westphalia Electric Power Corporation	152,800
Silesian Electric Works	82,700
Silesian Electricity & Gas Co	90,000

4. Second International Corporation of America has the following stocks of German utility companies:

	Reichsmarks
Bank for Electrical Securities	9,000
Electric Light & Power Co	116,000
German Continental Gas Co	72,000
"Gesfurel"	176,900
Hamburg Electricity Works	99,000
Rhine-Westphalia Electric Power Corporation	188,800
Silesian Electric Works	89,500
Silesian Electricity & Gas Co	81,000

5. United States & British International Co., Ltd., has the following stocks of German utility companies:

	Reichsmarks
Bank for Electrical Securities	45,600
Charlottenburg Water Works	164,000
Electric Light & Power Co	116,000
German Continental Gas Co	102,000
"Gesfurel"	359,100
Hamburg Electricity Works	99,000
Rhine-Westphalia Electric Power Corporation	214,800
Silesian Electric Works	86,500

6. American & General Securities Corporation owns the following stocks of German utility companies:

	Reichsmarks
Bank for Electrical Securities	90,000
Charlottenburg Water Works	162,000
Electric Light & Power Co	60,000
German Continental Gas Co	72,000
"Gesfurel"	148,500
Hamburg Electricity Works	112,000
Rhine-Westphalia Electric Power Corporation	172,500
Silesian Electric Works	88,700
Silesian Electricity & Gas Co	60,000

7. American & Continental Corporation owns the following shares in a German utility company:

	Reichsmarks
German Continental Gas	210,000

8. Investment Trust Associates lists no stocks of German utility companies, but it owns stocks of this description indirectly through its ownership of stock in investment companies.
9. United States Electric Power Corporation (none specified).
10. Standard Power & Light Corporation (none specified).
11. North & South American Corporation owns the following stocks of German utility companies:

	Reichsmarks
Allgemeine Elektricitaets Gesellschaft	166,000
Deutsche Continental Gas Gesellschaft zu Dessau	100,000
"Gesfurel"	242,000
Hamburg Electricity Works	150,000
Rhine-Westphalia Electric Power Corporation	110,000
Elektrizitaets A.G., formerly Schuckert & Co	119,000

Leaving 8, 9, and 10 out of consideration because their ownership of foreign utility stocks cannot be stated, it appears that members of the United Founders group marketed in this country, under cover of their own debentures, stocks of German public-utilities companies having a par value of 17,026,300 reichsmarks. The price at which these foreign securities were unloaded on the American public is a matter which should be inquired into.

German public-utility bonds

1. OWNED BY UNITED FOUNDERS

Berlin City Electric	dollars	196,000
Berlin Electric Elevated & Underground R.R	do	106,000
Consolidated Hydroelectric Works of Upper Wurttemberg	dollars	94,000
Electric Power Corporation	do	32,000
German General Electric Co	do	25,000
"Gesfurel"	do	115,000
Leipzig Overland Power Cos	do	150,000
Mannheim & Palatinate Elevated Co	do	78,000
Pomerania Electric Co	do	156,000
Rhine-Westphalia Electric Power Corporation	do	135,000
Do	do	50,000
Saxon Public Works, Inc	do	74,000
Do	do	162,000
Silesia Electric Corporation	do	59,000
Westphalia United Electric Power Corporation	do	160,000
East Bavarian Hydroelectric Co	reichsmarks	248,800

2. OWNED BY AMERICAN FOUNDERS

Berlin City Electric	dollars	196,000
Berlin Electric Elevated & Underground R.R	do	106,000
Consolidated Hydroelectric Works of Upper Wurttemberg	dollars	94,000
Electric Power Corporation	do	32,000
German General Electric Co	do	25,000
"Gesfurel"	do	115,000
Leipzig Overland Power Cos	do	150,000
Mannheim & Palatinate Elevated Co	do	78,000
Pomerania Electric Co	do	156,000
Rhine-Westphalia Electric Power Corporation	do	135,000
Do	do	50,000
Saxon Public Works, Inc	do	74,000
Do	do	162,000
Silesia Electric Corporation	do	59,000
Westphalia United Electric Power Corporation	do	110,000
East Bavarian Hydroelectric Co	reichsmarks	248,800

3. OWNED BY INTERNATIONAL SECURITIES CORPORATION

Berlin City Electric	dollars	156,000
Berlin Electric Elevated & Underground R.R	do	80,000
Consolidated Hydroelectric Works of Upper Wurttemberg	dollars	84,000
"Gesfurel"	do	100,000
Leipzig Overland Power Cos	do	75,000
Pomerania Electric Co	do	146,000
Rhine-Westphalia Electric Power Corporation	do	100,000
Do	do	40,000
Saxon Public Works, Inc	do	49,000
Do	do	152,000
Silesia Electric Corporation	do	49,000
Westphalia United Electric Power Corporation	do	50,000
East Bavarian Hydroelectric Co	reichsmarks	248,800

4. OWNED BY SECOND INTERNATIONAL SECURITIES CORPORATION

Berlin City Electric	dollars	5,000
Berlin Electric Elevated & Underground R.R	do	5,000
Electric Power Corporation	do	22,000
"Gesfurel"	do	5,000
Leipzig Overland Power Cos	do	25,000
Mannheim & Palatinate Elevated Co	do	15,000
Rhine-Westphalia Electric Power Corporation	do	5,000
Westphalia United Electric Power Corporation	do	50,000

5. OWNED BY UNITED STATES & BRITISH INTERNATIONAL CO., LTD.

Berlin City Electric	dollars	5,000
Berlin Electric Elevated & Underground R.R	do	16,000
Consolidated Hydroelectric Works of Upper Wurttemberg	dollars	5,000
Electric Power Corporation	do	5,000
"Gesfurel"	do	5,000

German public-utility bonds—Continued

5. OWNED BY UNITED STATES & BRITISH INTERNATIONAL CO., LTD.—Con.

Leipzig Overland Power Cos	$25,000
Pomerania Electric Co	5,000
Rhine-Westphalia Electric Power Corporation	5,000
Do	5,000
Saxon Public Works, Inc	5,000
Do	5,000
Silesia Electric Corporation	5,000
Westphalia United Electric Power Corporation	5,000

6. OWNED BY AMERICAN & GENERAL SECURITIES CORPORATION

Berlin City Electric	$5,000
Berlin Electric Elevated and Underground R.R	5,000
Consolidated Hydroelectric Works of Upper Wurttemberg	5,000
Electric Power Corporation	5,000
"Gesfurel"	5,000
Leipzig Overland Power Cos	25,000
Mannheim & Palatinate Electric Co	63,000
Pomerania Electric Co	5,000
Rhine-Westphalia Electric Power Corporation	5,000
Do	5,000
Saxon Public Works, Inc	5,000
Do	5,000
Silesia Electric Corporation	5,000
Westphalia United Electric Power Corporation	5,000

7. OWNED BY AMERICAN & CONTINENTAL CORPORATION

Berlin City Electric	$25,000
German General Electric Co	25,000
Rhine-Westphalia Electric Power Corporation	20,000
Saxon Public Works, Inc	15,000

8. OWNED BY INVESTMENT TRUST ASSOCIATES

None specified.

9. OWNED BY UNITED STATES ELECTRIC POWER CORPORATION

None specified.

10. OWNED BY STANDARD LIGHT & POWER CORPORATION

None specified.

11. OWNED BY NORTH & SOUTH AMERICAN CORPORATION

None specified.

From the foregoing lists it may be seen that German public-utility stocks and bonds were taken in "blocks" and distributed among certain companies of the United Founders group.

The extent to which German bank stocks and bonds are owned by the United Founders group

1. OWNED BY UNITED FOUNDERS

Deutsche Bank und Disconto Gesellschaft (purchasable on Berlin Stock Exchange)	reichsmarks	1,080,000
German Overseas Bank (purchasable on Berlin Stock Exchange)	reichsmarks	191,000
Reichsbank (purchasable on Berlin Stock Exchange)	reichsmarks	1,408,000
Bank for Brewing Industries (purchasable on Berlin Stock Exchange)	reichsmarks	352,000
Bank for Textile Industry (purchasable on London Stock Exchange)	pounds	18,400
Central Bank of Agriculture	dollars	407,000
Central Bank of Agriculture (purchasable on New York Stock Exchange)	dollars	261,000
Commerz und Privat Bank (purchasable on New York Curb Exchange)	dollars	15,000
German Consolidated Agricultural Bank (purchasable on New York Stock Exchange)	dollars	15,000
Saxon State Mortgage Institute (purchasable on New York Stock Exchange)	dollars	206,000
German mortgage banks, public-credit institutions, etc., 51 issues (purchasable on Berlin or other German stock exchanges)	reichsmarks	24,903,500

2. OWNED BY AMERICAN FOUNDERS

Deutsche Bank und Disconto Gesellschaft (purchasable on Berlin Stock Exchange)	reichsmarks	1,080,000
German Overseas Bank (purchasable on Berlin Stock Exchange)	reichsmarks	191,000
Reichsbank (purchasable on Berlin Stock Exchange),	reichsmarks	1,408,000
Bank for Brewing Industries (purchasable on Berlin Stock Exchange)	reichsmarks	352,000
Bank for Textile Industry (purchasable on London Stock Exchange)	pounds	18,400
Central Bank of Agriculture (purchasable on New York Stock Exchange)	dollars	407,000
Do	do	261,000
Commerz und Privat Bank (purchasable on New York Curb Exchange)	dollars	15,000
German Consolidated Agricultural Bank (purchasable on New York Stock Exchange)	dollars	15,000
Saxon State Mortgage Institute (purchasable on New York Stock Exchange)	dollars	206,000
German mortgage banks, public-credit institutions, etc., 51 issues (purchasable on Berlin or other German stock exchanges)	reichsmarks	24,903,500

The extent to which German bank stocks and bonds are owned by the United Founders group—Continued

3. OWNED BY INTERNATIONAL SECURITIES CORPORATION OF AMERICA

Deutsche Bank und Disconto Gesellschaft (purchasable on Berlin Stock Exchange)	reichsmarks	342,000
German Overseas Bank (purchasable on Berlin Stock Exchange)	reichsmarks	35,000
Reichsbank (purchasable on Berlin Stock Exchange)	reichsmarks	402,000
Bank for Brewing Industries (purchasable on Berlin Stock Exchange)	reichsmarks	124,000
Bank for Textile Industry (purchasable on London Stock Exchange)	pounds	13,100
Central Bank of Agriculture	dollars	50,000
Central Bank of Agriculture (purchasable on New York Stock Exchange)	dollars	186,000
Saxon State Mortgage Institute (purchasable on New York Stock Exchange)	dollars	175,000
German mortgage banks, public-credit institutions, etc. (purchasable on Berlin or other German stock exchanges)	reichsmarks	16,634,200

4. OWNED BY SECOND INTERNATIONAL SECURITIES CORPORATION

Deutsche Bank und Disconto Gesellschaft (purchasable on Berlin Stock Exchange)	reichsmarks	120,000
German Overseas Bank (purchasable on Berlin Stock Exchange)	reichsmarks	78,000
Reichsbank (purchasable on Berlin Stock Exchange)	reichsmarks	228,000
Bank for Brewing Industries (purchasable on Berlin Stock Exchange)		68,000
Bank for Textile Industry (purchasable on London Stock Exchange)	pounds	5,300
Central Bank of Agriculture	dollars	177,000
Central Bank of Agriculture (purchasable on New York Stock Exchange)	dollars	5,000
Saxon State Mortgage Institute (purchasable on New York Stock Exchange)	dollars	21,000
German mortgage banks, public-credit institutions, etc. (purchasable on Berlin or other German stock exchanges)	reichsmarks	7,013,300

5. OWNED BY UNITED STATES & BRITISH INTERNATIONAL CO., LTD.

Deutsche Bank und Disconto Gesellschaft (purchasable on Berlin Stock Exchange)	reichsmarks	120,000
German Overseas Bank (purchasable on Berlin Stock Exchange)	reichsmarks	78,000
Reichsbank (purchasable on Berlin Stock Exchange)	reichsmarks	186,000
Bank for Brewing Industries (purchasable on Berlin Stock Exchange)	reichsmarks	130,000
Central Bank of Agriculture	dollars	150,000
Central Bank of Agriculture (purchasable on New York Stock Exchange)	dollars	50,000
Saxon State Mortgage Institute (purchasable on New York Stock Exchange)	dollars	5,000
German mortgage banks, public-credit institutions, etc. (purchasable on Berlin or other German stock exchanges)	reichsmarks	767,000

6. OWNED BY AMERICAN & GENERAL SECURITIES CORPORATION

Deutsche Bank und Disconto Gesellschaft (purchasable on Berlin Stock Exchange)	reichsmarks	258,000
Reichsbank (purchasable on Berlin Stock Exchange)	reichsmarks	492,000
Bank for Brewing Industries (purchasable on Berlin Stock Exchange)	reichsmarks	30,000
Central Bank of Agriculture	dollars	5,000
Central Bank of Agriculture (purchasable on New York Stock Exchange)	dollars	5,000
Saxon State Mortgage Institute (purchasable on New York Stock Exchange)	dollars	5,000

7. OWNED BY AMERICAN & CONTINENTAL CORPORATION

Deutsche Bank und Disconto Gesellschaft (purchasable on Berlin Stock Exchange)	reichsmarks	240,000
Reichsbank (purchasable on Berlin Stock Exchange)	reichsmarks	32,000
Central Bank of Agriculture	dollars	25,000
Central Bank of Agriculture (purchasable on New York Stock Exchange)	dollars	15,000
Commerz und Privat Bank (purchasable on New York Curb Exchange)	dollars	15,000
German Consolidated Agricultural Bank (purchasable on New York Stock Exchange)	dollars	15,000

8. OWNED BY INVESTMENT TRUST ASSOCIATES

None specified.

9. OWNED BY UNITED STATES ELECTRIC POWER CORPORATION

None specified.

10. OWNED BY STANDARD POWER & LIGHT CORPORATION

None specified.

The extent to which German bank stocks and bonds are owned by the United Founders group—Continued

11. OWNED BY NORTH & SOUTH AMERICAN CORPORATION

Berliner Handels Gesellschaft (purchasable on Berlin Stock Exchange)	reichsmarks	160,000
Commerz und Privat Bank (purchasable on Berlin Stock Exchange)	reichsmarks	185,000
Darmstaedter und National Bank (purchasable on Berlin Stock Exchange)	reichsmarks	138,000
Deutsche Bank und Disconto Gesellschaft (purchasable on Berlin Stock Exchange)	reichsmarks	126,000
Dresdner Bank (purchasable on Berlin Stock Exchange)	reichsmarks	130,000

The German bank stocks and bonds listed above amount to a considerable sum in the aggregate.

INVESTMENTS IN HEAVY GERMAN INDUSTRY

Next, we shall exhibit the investments of the United Founders group in heavy German industry, Government, and municipal loans, etc. We shall not attempt to classify these items. Neither shall we take account of this group's investments in American, Austrian, Hungarian, Swedish, Saar, Belgian, Japanese, Russian, and other concerns in which Germany owns an interest.

Investments in heavy German industry

1. OWNED BY UNITED FOUNDERS

Deutscher Aero-Lloyd	reichsmarks	50,000
Dynamit Nobel A.G	do	441,000
Heyden Chemical Co	do	382,000
I.G. Dyes (I.G. Farbenindustrie)	do	1,479,000
Leonhard Tietz A.G	do	780,000
Mannesmann Tubes Co	do	450,000
Mitteldeutsche Stahlwerke	do	500,000
Rudolf Karstadt A.G	do	318,000
Schuckert & Co. Electrical Works	do	182,000
Siemens & Halske	do	728,000
Warsteiner & Herzoglich Schleswig-Holsteinische Eisenwerke A.G	reichsmarks	512,800
Free State of Bavaria	dollars	67,000
City of Cologne	do	115,000
Consolidated municipal of Baden	do	64,000
German consolidated municipal loan	do	87,000
Do	do	239,000
German Government international loan of 1930	do	10,000
German Government gold loan	do	24,000
Good Hope Iron & Steel Works	do	115,000
State of Hamburg treasury notes	do	500,000
Mansfield Mining & Smelting Co	do	71,000
Miag Mill Machinery	do	98,000
Free State of Oldenburg	do	45,000
Protestant Church in Germany	do	211,000
Free State of Prussia	do	359,000
Do	do	308,000
Rhine-Elbe Union	do	229,000
R. C. Church Welfare Institute	do	63,000
Stinnes, Hugo	do	425,000
Do	do	165,000
United Industrial Corporation	do	49,000
United Steel Works	do	210,000
Do	do	296,000
Free State of Württemberg	do	67,500
Continental Gummiwerke, A.G. (purchasable on Amsterdam Stock Exchange)	Hfl	101,000
Deutsche Linoleoum	reichsmarks	326,000
Fahlberg, List & Co	do	98,100
German Government and municipal, 35 issues	do	17,927,300
Hackethal Wire & Cable Works	do	803,000
Hamburgische Baukasse A.G. (purchasable on Amsterdam Stock Exchange)	Hfl	242,000
I.G. Farbenindustrie	reichsmarks	127,400
Isenbeck Brewery	do	100,000
Friedr. Krupp A.G	do	885,000
Mainkraftwerke	do	708,000
Memel	do	600,000
Middle German Steel	do	304,000
Mont-Cenis Mining	do	600,000
Natronzellstoff	do	100,000
Neckarwerke	do	473,400
North German Pottery	do	133,000
"Viag", United Industrial Corporation	do	1,983,000
Vogel Wire & Cable Works (purchasable on Amsterdam Stock Exchange)	Hfl	200,000

2. OWNED BY AMERICAN FOUNDERS

Deutscher Aero-Lloyd	reichsmarks	50,000
Dynamit Nobel A.G	do	441,000
Heyden Chemical Co	do	634,200
I. G. Dyes (I. G. Farbenindustrie)	do	1,479,600
Leonhard Tietz A.G	do	780,000
Mannesmann Tubes Co	do	450,000
Mitteldeutsche Stahlwerke	do	500,000
Rudolf Karstadt A.G	do	318,000
Schuckert & Co. Electrical Works	do	182,000
Siemens & Halske	do	728,000
Warsteiner & Herzoglich Schleswig-Holsteinische Eisenwerke A.G	reichsmarks	512,000
Free State of Bavaria	dollars	67,000
City of Cologne	do	115,000

Investments in heavy German industry—Continued

2. OWNED BY AMERICAN FOUNDERS—continued

Consolidated municipal of Baden	dollars	64,000
German consolidated municipal loan	do	87,000
Do	do	239,000
German Government international loan of 1930	do	10,000
German Government gold loan	do	234,000
Good Hope Iron & Steel Works	do	115,000
State of Hamburg treasury notes	do	500,000
Mansfield Mining & Smelting Co	do	71,000
Miag Mill Machinery	do	98,000
Free State of Oldenburg	do	45,000
Protestant Church in Germany	do	211,000
Free State of Prussia	do	359,000
Do	do	308,000
Rhine-Elbe Union	do	229,000
R. C. Church Welfare Institute	do	63,000
Stinnes, Hugo	do	325,000
Do	do	165,000
United Industrial Corporation	do	49,000
United Steel Works	do	210,000
Do	do	296,000
Free State of Württemberg	do	67,500
Continental Gummiwerke, A.G. (purchasable on Amsterdam Stock Exchange)	Hfl	101,000
Deutsche Linoleoum	reichsmarks	326,000
Fahlberg, List & Co	do	98,100
German Government and municipal, 35 issues	do	17,927,300
Hackethal Wire & Cable Works	do	803,000
Hamburgische Baukasse A.G. (purchasable on Amsterdam Stock Exchange)	Hfl	242,000
I.G. Dyes (I.G. Farbenindustrie)	reichsmarks	127,400
Isenbeck Brewery	do	100,000
Friedr. Krupp A.G	do	885,000
Mainkraftwerke	do	708,000
Middle German Steel	do	304,000
Mont-Cenis Mining	do	600,000
Natronzellstoff	do	100,000
Neckarwerke	do	473,400
North German Pottery	do	133,000
"Viag", United Industrial Corporation	do	1,983,000
Vogel Wire & Cable Works (purchasable on Amsterdam Stock Exchange)	Hfl	200,000

3. OWNED BY INTERNATIONAL SECURITIES CORPORATION OF AMERICA

Heyden Chemical Co	reichsmarks	163,400
I.G. Dyes (I.G. Farbenindustrie)	do	510,000
Leonard Tietze A.G	do	480,000
Mannesmann Tubes Co	do	156,000
Rudolf Karstadt A.G	do	116,400
Schuckert & Co. Electrical Works	do	182,000
Siemens & Halske	do	231,000
Free State of Bavaria	dollars	67,000
Cologne	do	100,000
Consolidated municipal of Baden	do	54,000
German consolidated municipal loan	do	87,000
Do	do	46,000
Good Hope Iron & Steel Works	do	100,000
State of Hamburg treasury notes	do	500,000
Miag Mill Machinery	do	37,000
Free State of Oldenburg	do	30,000
Protestant Church in Germany	do	146,000
Free State of Prussia	do	300,000
Do	do	150,000
Rhine-Elbe Union	do	181,000
R. C. Church Welfare Institute	do	63,000
Stinnes, Hugo	do	200,000
Do	do	150,000
United Industrial Corporation	do	34,000
United Steel Works	do	200,000
Do	do	262,000
Free State of Württemberg	do	42,500
Continental Gummiwerke, A.G	Hfl	50,000
Deutsche Linoleoum	reichsmarks	200,000
German Government and municipal, 31 issues	do	11,273,300
Hackethal Wire & Cable Works	do	803,000
Hamburgische Baukasse, A.G	Hfl	242,000
Isenbeck Brewery	reichsmarks	100,000
Friedr. Krupp, A.G	do	735,000
Mainkraftwerke	do	335,500
Middle German Steel	do	199,000
Mont-Cenis Mining	do	600,000
Neckarwerke	do	295,800
North German Pottery	do	133,000
"Viag", United Industrial Corporation	do	1,183,000

4. OWNED BY SECOND INTERNATIONAL SECURITIES CORPORATION

Heyden Chemical Co	reichsmarks	104,700
I. G. Farbenindustrie	do	261,000
Leonhard Tietz A.G	do	54,000
Mannesmann Tubes Co	do	102,000
Rudolf Karstadt A.G	do	50,400
Siemens & Halske	do	140,000
Warsteiner & Herzoglich Schleswig-Holsteinische Eisenwerke	reichsmarks	512,800
Cologne, city of	dollars	5,000
German consolidated municipal loan	do	83,000

Investments in heavy German industry—Continued

4. OWNED BY SECOND INTERNATIONAL SECURITIES CORPORATION—con.

Good Hope Iron & Steel Works	dollars	5,000
Mansfield Mining & Smelting Co	do	7,000
Miag Mill Machinery	do	51,000
Prussia, Free State of	do	34,000
Do	do	100,000
Rhine-Elbe Union	do	38,000
Stinnes, Hugo	do	50,000
Do	do	5,000
United Industrial Corporation	do	5,000
Wurttemberg, Free State of	do	25,000
Deutsche Linoleoum	reichsmarks	126,000
German Government and municipal, 19 issues	do	6,266,000
Friedr. Krupp, A.G	do	150,000
Mainkraftwerke	do	372,500
Middle German Steel	do	105,000
Natronzellstoff	do	100,000
Neckarwerke	do	100,000
"Viag" United Industrial Corporation	do	800,000

5. OWNED BY UNITED STATES & BRITISH INTERNATIONAL CO., LTD.

Heyden Chemical Co	reichsmarks	105,000
I.G. Dyes (I.G. Farbenindustrie)	do	165,000
Leonhard Tietz A.G	do	30,000
Mannesmann Tubes Co	do	108,000
Rudolf Karstadt A.G	do	50,400
Siemens & Halske	do	147,000
Cologne, city of	dollars	5,000
Consolidated municipal of Baden	do	5,000
German consolidated municipal loan	do	80,000
German Government international loan of 1930	do	5,000
Good Hope Iron & Steel Works	do	5,000
Mansfield Mining & Smelting Co	do	37,000
Miag Mill machinery	do	5,000
Oldenburg	do	15,000
Protestant Church in Germany	do	15,000
Prussia, Free State of	do	5,000
Do	do	38,000
Rhine-Elbe Union	do	5,000
Stinnes, Hugo	do	75,000
Do	do	5,000
United Industrial Corporation	do	5,000
United Steel Works	do	5,000
Do	do	10,000
German Government and municipal, 2 issues	reichsmarks	388,000
Vogel Wire & Cable Works	Hfl	100,000

6. OWNED BY AMERICAN & GENERAL SECURITIES CORPORATION

Hayden Chemical Co	reichsmarks	131,800
I.G. Dyes (I.G. Farbenindustrie)	do	251,000
Leonhard Tietz A.G	do	216,000
Mannesmann Tubes Co	do	84,000
Rudolf Karstadt A.G	do	50,400
Siemens & Halske	do	126,000
City of Cologne	dollars	5,000
Consolidated municipal of Baden	do	5,000
German consolidated municipal loan	do	5,000
German Government international loan of 1930	do	5,000
Good Hope Iron & Steel Works	do	5,000
Mansfield Mining & Smelting Co	do	27,000
Miag Mill Machinery	do	5,000
Protestant Church in Germany	do	50,000
Free State of Prussia	do	5,000
Do	do	5,000
Rhine-Elbe Union	do	5,000
Stinnes, Hugo	do	5,000
United Industrial Corporation	do	5,000
United Steel Works	do	9,000
Continental Gummiwerke, A.G. (purchasable on Amsterdam Stock Exchange)	Hfl	51,000
Fahlberg, List & Co	reichsmarks	98,100

7. OWNED BY AMERICAN & CONTINENTAL CORPORATION

Dynamit Nobel A.G	reichsmarks	441,000
I.G. Dyes (I.G. Farbenindustrie)	do	189,600
Siemens & Halske	do	28,000
German consolidated municipal loan	dollars	25,000
German external gold loan	do	24,000
Free State of Prussia	do	15,000
United Steel Works	do	15,000
I.G. Dyes (I.G. Farbenindustrie)	reichsmarks	127,400
Siemens & Halske	do	2,800

8. OWNED BY INVESTMENT TRUST ASSOCIATES

None specified.

9. OWNED BY UNITED STATES ELECTRIC POWER CORPORATION

None specified.

10. OWNED BY STANDARD POWER & LIGHT CORPORATION

None specified.

11. OWNED BY NORTH AND SOUTH AMERICAN CORPORATION

I.G. Dyes (I.G. Farbenindustrie)	reichsmarks	270,000
Elektricitaets A.G	do	56,000
Siemens & Halske	do	119,000

While American money has been financing the world, our financial system is hungry for money, currency, or a medium of exchange to start the wheels of industry turning again.

And our bankers now ask for more Government aid in the form of money, having invested, gambled, and speculated our money in foreign industry in building foreign factories to compete with American factories and American labor.

"Trust your banker."

You did, and the American public holds the bag.

Mr. SHANNON. Mr. Speaker, I ask unanimous consent to address the House for 15 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. SHANNON. I am sensible of the fact that in the midst of our popular fervor and enthusiasm for the program of economic reconstruction and the long-hoped-for "new deal" a warning voice may not find much of a welcome. I want it understood that I have no desire to oppose or in the least to throw an obstacle in the way of the many reforms now under way, which, God knows, are sorely needed to bring some order out of the existing chaos. As a Democrat—a Jeffersonian Democrat, if you will—I stand ready at all times to raise my voice and give my support to any measure on the Presidential program that seems to point the way for the forgotten man, or the little forgotten business, to beat his or its way back to prosperity. But when I find creeping into the company of the many varied and popular measures for the rehabilitation of business such a mysterious stranger as the movement to repeal the Sherman antitrust law, it seems to me that we should call a moment's halt and reconnoiter the ground ahead of us. There may be a black-winged vulture edging his way in among our eagles of reform. I seem to sense an atmosphere of hugger-mugger in the harmony of our plans and hopes that will bear investigation.

I recollect in my school days reading the great story of the siege of Troy. The Greeks for 10 years had tried to batter down its walls in vain. At last they sought an armistice and they constructed a great wooden horse which they asked leave to present to the Trojans as a peace offering. But one wise old Trojan, when the proposition came up in council, said, "I fear the Greeks even when they bear gifts." But his warning voice was voted down; and when the wooden horse was pushed through the opened gates of Troy, it was filled with Greek soldiers, who opened the way for the Greek invaders, and Troy fell never to rise again.

If, as we have repeatedly reiterated in our party platforms, the antitrust laws were the first stepping stones to some remedial legislation designed to correct the abuses brought about by combinations aided by immense capital, why, may I ask, do we now stop in the midst of our great movement of reform and our efforts to relieve the struggling business men of the land and the unemployment that has resulted from their failure to carry on, to wipe from the books the first remedial law in this regard that was ever placed there? Is it not time to sound a warning, to look about us, to inquire whether we are not about to open our gates to a wooden horse with his belly full of trust magnates?

I am not advised how far this movement directed against the antitrust law has penetrated the program of reform, or whether or not our leaders have given their approval to it. For myself, I want to go upon record as against any attempt to remove that law from the books. Enough has been already done to emasculate it and weaken its vitality. But the law is still there, and it is my hope that life may yet be restored to it. As chairman of the committee which investigated Government interference with the small business man, I learned from original sources the destructive influences of such competition. But far greater and more devastating within the past 20 years or more of big-business rule has been the havoc wrought upon the struggling merchants of this country by the concentration of capital and interlocking corporations—an evil which the Democratic Party has fought consistently in every campaign and which,

in my humble judgment, it stands pledged to remedy now that it is in a position to redeem its pledges.

A REVERSAL OF DOCTRINE

To me, for the Democratic Party to turn about face on the trust question would be as preposterous and heretical a change of doctrine as for an ordained representative of some great religious body that had for centuries taught a belief in God to announce suddenly to his congregation that "for a few years now we propose to release you from a belief in God and to suspend the operation of His law, as a new experiment."

Thomas Jefferson, from far-off France, at the making of our Constitution, complained of the things that the Constitution failed to take notice of, or, rather, that the makers left out of the proposed document. One of these was the Bill of Rights, guaranteeing freedom of speech, freedom of religion, freedom of the press, an adequate, permanent habeas corpus, and, further, a proper control of monopoly.

It was doctrines such as these which Jefferson enunciated that caused Thomas Edward Watson, the historian of Georgia, to say of Jefferson that his teachings called upon the lawmaking power to use every device possible to keep down the centralization of great wealth, meaning that there should be no accumulation of the wealth of the land in the hands of a few; that the wealth of the land should be divided; that there should be a multiplicity of the well-to-do scattered over the land, from which source only national happiness could come. If wealth were to be concentrated, of course, the contrary would be true. And that great statesman and founder of our party principles said further that he would not give a fig for a people that did not have the spirit of revolt in their blood, lest those in control of government should forget whose government this was.

THE MAN WHO MADE THE LAW

In 1889, the opening day of the session of Congress of that year, Mr. John Sherman, of Ohio, introduced a bill which had for its purpose the regulation and control of monopolies, trusts, and so forth. That bill was debated in the Senate of the United States and in the House of Representatives for a period of some 5 months. The measure now on the books and known as "the Sherman antitrust law" came from the Judiciary Committee as a substitute to the one introduced by Sherman, and it is commonly said that the real author of the agreed-upon measure was Senator Hoar, of Massachusetts.

In the body that debated that question were such great minds as those of John Sherman, George Frisbie Hoar, George Franklin Edmunds, George Graham Vest, Francis Marion Cockrell, John James Ingalls, Preston B. Plumb, John H. Reagan, and the great constitutional lawyer from Mississippi, James Z. George, and many other great men of the period. It was really a blending of the various elements that had participated in the war between the States. They knew no sectional bounds; they knew no line of party distinction in that contest. They stood together to pass a law which they hoped would protect the American citizen in the future from the encroachments of great organizations of wealth.

The measure passed the Senate with but a single negative vote. Under the leadership of "Silver Dick" Bland in the House every vote present was cast for the act. The President of the United States signed the bill.

Mr. Justice Harlan, in his dissenting opinion in the *Standard Oil Co. case,* said:

All who recall the condition of the country in 1890 will remember that there was everywhere, among the people generally, a deep feeling of unrest. The Nation had been rid of human slavery—fortunately, as all now feel—but the conviction was universal that the country was in real danger from another kind of slavery sought to be fastened on the American people, namely, the slavery that would result from aggregations of capital in the hands of a few individuals and corporations controlling, for their own profit and advantage exclusively, the entire business of the country, including the production and sale of the necessaries of life. Such a danger was thought to be then imminent, and all felt that it must be met firmly and by such statutory regulations as would adequately protect the people against oppression and wrong.

Many of us believe that the period of slavery and oppression foreseen in 1890 is here.

Commencing with 1892, and every 4 years thereafter, the Democratic Party incorporated in its platforms sections demanding the rigid enforcement of the antitrust laws.

Here are the excerpts from the platforms dealing with this subject and the names of the presidential candidates of the respective years:

DEMOCRATIC ANTITRUST PLEDGES

1892—Stephen Grover Cleveland: We recognize in the trusts and combinations, which are designed to enable capital to secure more than its just share of the joint product of capital and labor, a natural consequence of the prohibitive taxes which prevent the free competition which is the life of honest trade; but we believe their worst evils can be abated by law, and we demand the rigid enforcement of the laws made to prevent and control them, together with such further legislation in restraint of their abuses as experience may show to be necessary.

1896—William J. Bryan: The absorption of wealth by the few, the consolidation of our leading railroad systems, and the formation of trusts and pools require a stricter control by the Federal Government of those arteries of commerce. We demand the enlargement of the powers of the Interstate Commerce Commission and such restriction and guaranties in the control of railroads as will protect the people from robbery and oppression.

1900—William J. Bryan: We pledge the Democratic Party to an unceasing warfare in Nation, State, and city against private monopoly in every form. Existing laws against trusts must be enforced and more stringent ones must be enacted, providing for publicity as to the affairs of corporations engaged in interstate commerce, requiring all corporations to show, before doing business outside the State of their origin, that they have no water in their stock and that they have not attempted, and are not attempting, to monopolize any branch of business or the production of any article of merchandise; and the whole constitutional power of Congress over interstate commerce, the mails, and all modes of interstate communication shall be exercised by the enactment of comprehensive laws upon the subject of trusts.

1904—Alton B. Parker: We recognize that the gigantic trusts and combinations designed to enable capital to secure more than its just share of the joint products of capital and labor and which have been fostered and promoted under Republican rule, are a menace to beneficial competition and an obstacle to permanent business prosperity. A private monopoly is indefensible and intolerable.

Individual equality of opportunity and free competition are essential to a healthy and permanent commercial prosperity and any trust, combination, or monopoly tending to destroy these by controlling production, restricting competition, or fixing prices should be prohibited and punished by law. We especially denounce rebates and discrimination by transportation companies as the most potent agency in promoting and strengthening these unlawful conspiracies against trade.

1908—William J. Bryan: A private monopoly is indefensible and intolerable. We therefore favor the vigorous enforcement of the criminal law against guilty trust magnates and officials, and demand the enactment of such additional legislation as may be necessary to make it impossible for a private monopoly to exist in the United States. Among the additional remedies we specify three: First, a law preventing a duplication of directors among competing corporations; second, a license system which will, without abridging the right of each State to create corporations, or its right to regulate as it will foreign corporations doing business within its limits, make it necessary for a manufacturing or trading corporation engaged in interstate commerce to take out a Federal license before it shall be permitted to control as much as 25 percent of the products in which it deals, the license to protect the public from watered stock and to prohibit the control by such corporation of more than 50 percent of the total amount of any product consumed in the United States; and, third, a law compelling such licensed corporations to sell to all purchasers in all parts of the country on the same terms, after making the allowance for the cost of transportation.

1912.—Woodrow Wilson: A private monopoly is indefensible and intolerable. We, therefore, favor the vigorous enforcement of the criminal as well as the civil law against trusts and trust officials, and demand the enactment of such additional legislation as may be necessary to make it impossible for a private monopoly to exist in the United States.

We favor the declaration by law of the conditions upon which corporations shall be permitted to engage in interstate trade, including, among others, the prevention of holding companies, of interlocking directors, of stock watering, of discrimination in price, and the control by any one corporation of so large a proportion of any industry as to make it a menace to competitive conditions.

We condemn the action of the Republican administration in compromising with the Standard Oil Co. and the Tobacco Trust, and its failure to invoke the criminal provisions of the antitrust law against the officers of those corporations after the court had declared that from the undisputed facts in the record they had violated the criminal provisions of the law.

We regret that the Sherman Antitrust Law has received a judicial construction depriving it of much of its efficacy, and we favor

the enactment of legislation which will restore to the statute the strength of which it has been deprived by such interpretation.

1916.—Woodrow Wilson: We have created a Federal Trade Commission to accommodate the perplexing questions arising under the antitrust laws so that monopoly may be strangled at its birth and legitimate industry encouraged. Fair competition in business is now assured.

1920—James M. Cox: The Democratic Party heartily endorses the creation and work of the Federal Trade Commission in establishing a fair field for competitive business, free from restraints of trade and monopoly, and recommends amplification of the statutes governing its activities, so as to grant it authority to prevent the unfair use of patents in restraint of trade.

1924—John W. Davis: We declare that a private monopoly is indefensible and intolerable, and pledge the Democratic Party to a vigorous enforcement of existing laws against monopoly and illegal combinations and to the enactment of such further measures as may be necessary.

1928—Alfred E. Smith: During the last 7 years, under Republican rule, the antitrust laws have been thwarted, ignored, and violated, so that the country is rapidly becoming controlled by trusts and sinister monopolies formed for the purpose of wringing from the necessaries of life an unrighteous profit. These combinations are often formed and conducted in violation of law—encouraged, aided, and abetted in their activities by the Republican administration—and are driving all small trades people and small industrialists out of business. Competition is one of the most sacred, cherished, and economic rights of the American people. We demand the strict enforcement of the antitrust laws and the enactment of other laws, if necessary, to control this great menace to trade and commerce, and this to preserve the right of the small merchant and manufacturer to earn a legitimate profit from his business.

1932—Franklin Delano Roosevelt: In this time of unprecedented economic and social distress, the Democratic Party declares its conviction that the chief causes of this condition were the disastrous policies pursued by our Government since the World War of economic isolation, fostering the merger of competitive businesses into monopolies, and encouraging the indefensible expansion and contraction of credit for private profit at the expense of the public.

We advocate strengthening and impartial enforcement of the antitrust laws to prevent monopoly and unfair trade practices, and revision thereof for the better protection of labor and the small producer and distributor.

No hand, in a legislative way, has ever been laid upon the Sherman Antitrust Act. For more than 21 years it remained without any judicial interference with its provisions. The Supreme Court of the United States repeatedly upheld the law. Many proceedings concerning it reached that tribunal. It was used unfairly to get a decision against labor by predatory interests, notwithstanding that never a word was said in its enactment that it was to apply to labor. Its plain intent by its proponents was a use against organized wealth.

TAKING THE TEETH OUT

In 1911, 21 years after its enactment, the interpretation of the law again came before the Supreme Court in two cases upon appeal; one from the United States Circuit Court of Appeals, Second Circuit—New York—and the other from the United States Circuit Court of Appeals, Eighth Circuit—Missouri. The case from New York involved a trust known as the American Tobacco Co.; the other was a trust known as the Standard Oil Co.

The Standard Oil case had been heard by the Eighth Circuit Court of Appeals, and by a unanimous decision the finding was against the trust in every particular. A most courageous opinion was written by that court, and an especially strong one was written by Judge Hook. Then the case was appealed to the Supreme Court of the United States.

After a hearing, the Supreme Court handed down what many think a reactionary opinion; not an interpretation of law but a piece of judicial legislation, and so called by a minority member of that Court, Justice Harlan. By a stroke of the pen the Supreme Court of the United States amended the law by holding that Congress meant to say that every combination in undue restraint of trade was illegal. The word "undue" was written into the act by the famous "rule of reason" decision of the Supreme Court. Justice Harlan pointed out in his dissenting opinion that if the act "ought to read as contended for by defendants, Congress is the body to amend it, and not this Court, by a process of judicial legislation wholly unjustifiable." The "rule of reason" and not the words of the legislative act, became the law of the land, and thereby from the Sherman Act many of its teeth were taken.

When this opinion was rendered, representatives of five great groups of wealth, through their leading men, hailed it with delight.

Mr. J. Pierpont Morgan, the banker, said of the decision:

I consider the decision concerning the Standard Oil entirely satisfactory; moreover, I expected it.

Henry Clews, another great banker of the period, likewise gave expression of confidence in the ruling. He said:

It may be taken for granted, therefore, that hereafter there will be nothing but good trusts in the eyes of the law.

George J. Gould exclaimed:

I am for the Supreme Court every time. For more than a hundred years it has been at work, and it has never made a mistake.

Jacob H. Schiff, of Kuhn, Loeb & Co., said:

I believe that the general effect of the Supreme Court decision will be most favorable to the corporations of the country.

Just stop for a moment and think what that meant. Kuhn, Loeb & Co. is still doing business. Only last year one of the great railroad systems borrowed many millions of dollars from the Reconstruction Finance Corporation to rebuild the road, and every dollar of that national gift was carted over to pay a mortgage on the railroad held by Kuhn, Loeb & Co. Not a penny of the money borrowed from the Government was used for the reconstruction of the property.

Jacob H. Schiff's trust connections, operated under that friendly interpretation of the law, were a fine thing for him. He died worth many millions, and his estate was divided amongst the members of his family, one of whom, Mortimer, became quite a rich man in his own right. He died only the other day, and his will disclosed that he was worth $33,000,000, $7,000,000 of it in cash. This in a period when the ordinary citizen is made to shake loose of the few dollars that he may have laid by in his stocking to avert the proverbial rainy day. Who would think in an hour of depression such as this, with millions walking the streets without means of support, that any one man could have in his coffers so much cash as that!

THE SO-CALLED "RULE OF REASON"

Right after the rendition of the "rule of reason" decision, William Jennings Bryan said that Mr. Taft, who was then President, had "packed" the court in the interests of the trusts. Of course, everyone knew Mr. Bryan did not mean literally that he had packed it in a venal or corrupt way. What Mr. Bryan meant, and had the courage to say, was that Mr. Taft, a Hamiltonian, had appointed a Hamiltonian court and that his Hamiltonian court had handed down a Hamiltonian decision, and a Hamiltonian decision always was and always will be that property, especially big property, has rights that the common man does not possess. Hence, the "rule of reason" for the benefit of those trusts, the good old Standard Oil Co. and the American Tobacco Co.

Mr. Taft himself was much put out about the criticism of this decision, and 3 years after the decision was rendered he took his pen in hand and had Harper & Bros. publish a book entitled "The Antitrust Act and the Supreme Court." It is a small volume of 133 pages. Mr. Taft was then professor of law at Yale University. He goes into much detail to demonstrate the correctness of the decision.

For the purpose of my speech at this moment, I will confine myself to just two illuminating paragraphs from that book—one on page 108 and one on page 124, wherein he says:

This brings out clearly that mere bigness not used to effect monopoly but only to increase efficiency is not a violation of the statute.

The mere fact that smaller companies are unable to keep the pace is an indication that they must have greater capital * * * so that they can sell with the other and larger companies. * * * The objection to the decree, then, is that it did not divide up the companies into small enough pieces to prevent effective competition. In this view it is the aim of the antitrust law not to free trade from obstruction or restraint, but rather to destroy the larger businesses whose capital and large plants enable them to produce goods cheaply in order that small plants that cannot produce them as cheaply may live. This is not the purpose of the statute, and those who insist that it ought to be true misunderstand its useful intention.

Mr. Taft, by saying this for the purpose of sustaining his court's opinion, tells the whole story. He had no fear of the evil that has brought on our present plight, namely, concentration of wealth in the hands of the few.

On Saturday of last week an announcement was made that a case had reached the Supreme Court of the United States presenting a protest of stockholders against the president of the American Tobacco Co. You will remember this corporation was one of the two litigants for whose benefit the "rule of reason" was found by Mr. Taft's court. In the present proceeding a stockholder challenges the validity of the bylaws of that company adopted in 1912, under which the president and vice presidents were voted a percentage of net profits remaining after paying operating and other expenses and dividends on the preferred stock.

In this case the Supreme Court is called upon to decide whether $2,500,000 annually is an exorbitant salary for the president of the American Tobacco Co. At the same time the court is asked to determine whether salaries of from $500,000 to $1,500,000 are too much for the five vice presidents of the concern. And to think that the given name of the two-million-salaried president of this company is George Washington—George Washington Hill.

These are salaries paid to men who have perhaps contributed nothing to the future welfare of man, who have lived their big-business lives isolated from millions of their fellow Americans, and who have been paid these enormous salaries by reason of a trust combination made possible under judicial decisions. It is the very size of these institutions that is the real evil. Therefore, the law that created them has a right to put them out of business, if need be, to insure a more equitable distribution of the wealth of our great country and to preserve common happiness to mankind.

THE WAGES OF GENIUS

Consider for a moment some of the emoluments that have been paid to the great men of genius, who spent their talents and poured out their natural gifts for the delight and improvement of their fellowmen. The immortal Shakespeare, whose plays and poems have been translated into almost every language in the world, works which are still furnishing light and inspiration to modern audiences, and which are the basis of literary study in every school and university in the land, wrought for the cultural good of mankind. This great author's total wealth was perhaps never in excess of $50,000 or $60,000.

Milton, the author of Paradise Lost, received for it 70 pounds, $350.

Bunyan, whose Pilgrim's Progress has become a great inspirational work in use in all places of public study, received a term in jail for his great contributions to the spiritual welfare of mankind.

There was another poet who bequeathed to posterity a great intellectual fortune, a wealth of beautiful thought, serene philosophy, and enchanting poetry—Oliver Goldsmith. I mention him particularly for this reason, that he left these six lines (from The Deserted Village):

> Ill fares the land, to hastening ills a prey,
> Where wealth accumulates, and men decay;
> Princes and lords may flourish, or may fade;
> A breath can make them, as a breath has made;
> But a bold peasantry, their country's pride,
> When once destroy'd, can never be supplied.

And when Goldsmith died, his friend, Samuel Johnson, the great English writer, upon examining his estate and finding out what he was worth, said, "Was ever a poet so trusted before?" He had found nothing but debts.

The meek and lowly One preached the doctrine of welfare on earth. And His wealth: What was it? A most insignificant thing.

> My peace I leave with you, my peace I give unto you. My kingdom is not of this earth.

John the Baptist preached:

> The time is fulfilled and the Kingdom of God is at hand. Bethink yourselves and believe in the gospel.

Bethink! That was his urging about the gospel.

What John Sherman was after was for all America to bethink. "Bethink, because a time is coming that is fraught with danger." But men did not listen to the warning of Sherman. The time foreseen by him is here, and in the midst of our efforts to readjust ourselves from the evils he foresaw, we are preparing to turn about face upon the remedial law he sponsored.

Nothing could be more appropriate than at this moment to quote the description of the condition that confronted us by the growth of the trusts, uttered by William J. Bryan in 1899 at Chicago at a great gathering on the trust question. He said:

> I want to start with the declaration that a monopoly in private hands is indefensible from any standpoint, and intolerable. I make no exceptions to the rule. I do not divide monopolies in private hands into good monopolies and bad monopolies. There is no good monopoly in private hands. There can be no good monopoly in private hands until the Almighty sends us angels to preside over the monopoly. There may be a despot who is better than another despot, but there is no good despotism. One trust may be less harmful than another. One trust magnate may be more benevolent than another, but there is no good monopoly in private hands, and I do not believe it is safe for society to permit any man or group of men to monopolize any article of merchandise or any branch of industry.

On this occasion he also said:

> When God made man as the climax of creation, He looked upon His work and said that it was good; and yet when God finished His work the tallest man was not much taller than the shortest and the strongest man was not much stronger than the weakest. That was God's plan. We looked upon His work and said that it was not quite as good as it might be, and so we made a fictitious person called a corporation that is in some instances a hundred times, a thousand times, a million times stronger than the God-made man. Then we started this man-made giant out among the God-made men. When God made man He placed a limit to his existence, so that if he was a bad man he could not do harm long; but when we made our man-made man we raised the limit as to age. In some States a corporation is given perpetual life.
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> When God made man He breathed into him a soul and warned him that in the next world he would be held accountable for the deeds done in the flesh; but when we made our man-made man we did not give him a soul; and if he can avoid punishment in this world, he need not worry about the Hereafter.
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> * * * * * * *
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> What Government gives the Government can take away. What the Government creates it can control; and I insist that both the State government and the Federal Government must protect the God-made man from the man-made man.

What Bryan said at that time is fourfold truer today. There are no good trusts; all trusts are bad trusts; and behind every trust can be found the man-made man, the corporation, which the Government created and which it can control.

The hordes of privilege, through their hired agents, have since the Sherman law was put on the books never let up in their efforts to tear it down. There has not been a concerted effort on the part of any administration to wipe out the trusts, save and except an occasional flare here and there. President Woodrow Wilson, just prior to our entrance into the World War, vigorously undertook to do it through amendments to the Federal Trade Act. The War stopped him. The trusts have run wild since 1920.

BIG BUSINESS "HUGGER-MUGGERING"

In all great crises, such as at the present time and during the World War, there is an insistent hugger-muggering between the big corporate interests and the administrative and legislative agencies. Ninety-nine times out of a hundred when the hugger-muggering ceases the big fellow has added a little more fat to his greedy hog at the expense of the little fellow, who is not able to fight and has gone down in the melee. It is the very cornerstone of the community, the little merchant, who always suffers—who has suffered almost to extinction. He is fighting today for his very breath.

All America cries out for something to be done at this moment, and that is, "We want to see the name of John Henry or Bill Smith or Tom Clark substituted for the common name of Piggly-Wiggly or the Great Atlantic & Pacific Tea Co., or this or the other big business combinations, and we want him backed, if he can get backing, in fair competi-

tion with his fellows in the small lines of trade." Hundreds of thousands of small merchants have lost their means of livelihood and are now tramping the streets. When the leading man of the Atlantic & Pacific Tea Co. died a few years ago in New England, he left an estate of $125,000,000.

Those conditions could only be made possible through a violation of the law that bears the name of John Sherman. Shall we choose this time to kill entirely the law that the so-called "rule of reason" maimed? Let us have a new rule of reason and let the new rule be that the last Piggly-Wiggly and the last Atlantic & Pacific and all of their kindred crowd shall no longer be empowered by law to crush their little competitors, and that in their place may spring up again rugged Americans doing business as individuals and not as mere remittance agents for the trust magnates of the United States.

What are the influences at work, one may well ask, that are seeking to blind the judgment of some of our leaders in these times, when downtrodden men are calling so clamorously for wisdom and justice and for the redemption of the pledges that every Democratic platform has made to the people? Time and again we have written into our party platforms the reiteration of the Jeffersonian doctrine that we stand for the "equality of all men before the law" and for "equal and exact justice to all citizens."

THE HAIRY PAW REACHING OUT

As the trusts and combinations of capital increased in power and oppression, the Democratic Party in every campaign since has denounced them and promised relief. We have pointed to the Republican Party as the fostering party of the trusts—we have pledged our own party to remedial laws that will curb their abuses and protect the rights of the individual merchant and the small competitor. We have stood by the letter of the Sherman antitrust law and denounced its emasculation. It was upon the Democratic Party and its promises and pledges that the people pinned their hopes of relief from those vast combinations that were slowly crushing their individual business efforts to death. Are we to fail them now in their hour of greatest need? Are we to lend our credulous ears to the subtle voices of the big interests that now, under the guise of friendship and cooperation, are seeking to "make the worse appear the better reason", to lead us to believe that repeal of the only law that protects the small business man, feeble as its execution has been, is in line with the other great movements we are undertaking to rehabilitate the Nation and restore it to its prosperity? Let us not mistake the voice that is trying to convince—the voice may sound like the voice of Jacob, but if you take a close look and feel of the hand, you will know that it is the hand of Esau—that hairy paw that is ever reaching out for special privileges, for the destruction of competition, for bigger profits, and for monopoly of legislative benefits.

Just this word in conclusion: In every public square in the United States there should be a memorial tablet erected to John Sherman, James Z. George, John H. Reagan, George Franklin Edmunds, George Graham Vest, and those other great men who foresaw and tried to prevent this terrible condition that has reached America, though their efforts failed to bring about their noble purpose, due to inaction on the part of executive departments of the Government.

And let us hope, if William Jennings Bryan and Thomas Jefferson from the shades beyond are looking down today upon the Democratic Party, that they will not feel as did the old prospectors in many instances in the far West, when perhaps their sole companion and protector through the long wilderness nights would be their dog they had brought from the States. The hungry coyotes would gather round, making the nights hideous with their barking and efforts to get at the inmates in their little boarded hut. Then imagine the dismay when it was found that the dog, their friend, was missing and that a night or two later they could recognize the voice of their once faithful watchdog among the coyotes, having joined them in their savage efforts to get at the prospectors. Shall we Democrats, professed defenders of the common people, unleash our only remaining hound to join the trust coyotes?

In the name of Jefferson, in the name of Jackson, in the name of Wilson, in the name of that great commoner, William Jennings Bryan, let me voice the hope at this critical time that it will not be the choice of the Democratic Party to destroy the one law that enables us to cling to some hope of restoring the little fellow in trade to his rights—the Sherman antitrust law.

Mr. McFADDEN. Mr. Speaker, will the gentleman yield?

Mr. SHANNON. Yes.

Mr. McFADDEN. I am entirely in accord with what the gentleman says about the Clayton Act. I am glad that he has made the statement he has as to the source of the demand for the repeal of the Clayton Act. It is a dangerous thing to do at this time. I am very much disturbed today about the legislation that we are about to vote on this coming week. I refer first to the passage of the bill proposing to amend the Federal Reserve Act. That bill will centralize the control and management of our finances in this country to an extent that no one has ever dreamed of.

Then we have this other proposal to create a superstructure and control over industry in the United States. The centralized control proposed in that bill will destroy individual initiative; it will destroy independent institutions that have been built up with experience, money, and labor. And may I say to the gentleman that the influences that he has been referring to now control the railroads of the United States and control the financial system of the country, and if we pass this industry control bill under the leadership that is proposed, we will give control of industry in the United States to that same crowd. We have already granted control over farming to this same group.

PERRY'S VICTORY MEMORIAL COMMISSION (H.DOC. NO. 39)

The SPEAKER laid before the House the following message from the President of the United States, which was read and, with the accompanying papers, referred to the Committee on the Library and ordered to be printed:

To the Congress of the United States:

I transmit herewith for the information of the Congress a special report of the Perry's Victory Memorial Commission dated April 6, 1933, supplementary to the annual report of the Commission for the fiscal year ended December 1, 1932.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 19, 1933.*

FOREIGN SERVICE RETIREMENT SYSTEM (H.DOC. NO. 41)

The SPEAKER also laid before the House the following message from the President of the United States, which was read and, with the accompanying papers, referred to the Committee on Foreign Affairs and ordered printed:

To the Congress of the United States:

I transmit herewith a report by the Secretary of State showing all receipts and disbursements on account of refunds, allowances, and annuities for the fiscal year ended June 30, 1931, in connection with the Foreign Service retirement and disability system as required by section 26 (a) of an act for the grading and classification of clerks in the Foreign Service of the United States of America, and providing compensation therefor, approved February 23, 1931.

FRANKLIN D. ROOSEVELT.

Enclosure: Report concerning retirement and disability fund Foreign Service.

THE WHITE HOUSE, *May 19, 1933.*

REPORT OF DIRECTOR GENERAL OF RAILROADS, 1932 (H.DOC. NO. 40)

The SPEAKER also laid before the House the following message from the President of the United States, which was read and, with the accompanying papers, referred to the Committee on Interstate and Foreign Commerce and ordered printed:

To the Congress of the United States:

I transmit herewith for the information of the Congress the annual report of the Director General of Railroads for the calendar year 1932.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 19, 1933.*

BOARD OF VISITORS, MILITARY ACADEMY

The SPEAKER laid before the House the following communication, which was read:

MAY 18, 1933.

Hon. HENRY T. RAINEY,
Speaker of the House of Representatives,
The Capitol, Washington, D.C.

MY DEAR MR. SPEAKER: Pursuant to law, beg to advise that I have appointed as representing the Committee on Military Affairs of the House of Representatives the following members of said committee to be members on the part of that committee of the Board of Visitors to the United States Military Academy, for the present year: Myself, Representative HILL of Alabama; Representative JED JOHNSON, of Oklahoma; Representative PAUL KVALE, of Minnesota; Representative W. FRANK JAMES, of Michigan; Representative HARRY C. RANSLEY, of Pennsylvania; and Representative T. C. COCHRAN, of Pennsylvania.

With highest respect and kindest personal regards, I am

Yours very sincerely,

J. J. MCSWAIN, *Chairman.*

CHILD-LABOR AMENDMENT TO CONSTITUTION

The SPEAKER laid before the House a communication from the secretary of the Senate of the State of Michigan transmitting the following proposed amendment to the Constitution of the United States:

STATE OF MICHIGAN,
FIFTY-SEVENTH LEGISLATURE,
Regular Session of 1933.

Senate Concurrent Resolution 45

A concurrent resolution proposing the ratification of the child-labor amendment to the Constitution of the United States

Whereas the Congress of the United States has, under the fifth article of the Constitution of the United States, proposed an amendment to said Constitution in the following words, to wit:

"SECTION 1. The Congress shall have power to limit, regulate, and prohibit the labor of persons under 18 years of age.

"SEC. 2. The power of the several States is unimpaired by this article except that the operation of State laws shall be suspended to the extent necessary to give effect to legislation by the Congress."

Now, therefore, be it

Resolved by the senate (the house of representatives concurring), That the said amendment to the Constitution of the United States be, and the same is hereby, ratified; and be it further

Resolved, That a certified copy of the foregoing resolution be forwarded by his excellency, the Governor of the State of Michigan, to the Secretary of State of the United States, to the Presiding Officer of the United States Senate, and to the Speaker of the House of Representatives of the United States.

Adopted by senate May 9, 1933.

Adopted by house May 10, 1933.

ALLEN E. STEBBINS,
President of Senate.
MARTIN R. BRADLEY,
Speaker of the House of Representatives.
DON W. CANFIELD,
Secretary of Senate.
MYLES F. GRAY,
Clerk of House.

EXTENSION OF REMARKS

Mr. GASQUE. Mr. Speaker, as chairman of the Pensions Committee, my office is called upon from 5 to 25 times a day to know just exactly what effect the recent Economy Act has on the different classes of pensions. With the assistance of the law examiner in my office, I have prepared a brief and, I think, a rather clear synopsis of just what that is. I ask unanimous consent that this may be printed in the RECORD at this point for the information of the Members.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina [Mr. GASQUE]?

There was no objection.

Mr. GASQUE. Mr. Speaker, the synopsis will be in a brief, general way show the amounts of pension to be paid to the veterans and their dependents under the provisions of these new regulations. I have arranged the statement to show, first, just what benefits in the way of pensions the Spanish-American War veterans and their dependents get for disability contracted in service in line of duty; also the benefits for disability not contracted in line of duty. The next statement shows the benefits paid to peace-time service veterans and their dependents for service-connected disability. My next group shows the pension for World War veterans and their dependents where disability or death is shown to be due to service in line of duty; also the benefits for non-service-connected disability. The next statement shows the effects of these regulations upon former members of the military or naval service in wars prior to the Spanish-American War and their dependents. The next statement shows that the emergency officers retain their present rates without reduction under certain conditions.

SPANISH WAR VETERANS

(Line of duty)

First. Disability due to service, in line of duty, honorable discharge, and not due to misconduct.

Second. Disability must have been contracted during an enlistment entered into on or before April 21, 1898, and before August 13, 1898, where the injury was incurred or aggravated prior to July 5, 1902.

Third. If disability was contracted during Philippine insurrection on or before August 13, 1898, and before July 5, 1902 (enlistment after Aug. 13, 1898), there must have been actual participation in the Philippine insurrection.

Fourth. Those engaged in hostilities in Moro Province, the dates are entended to July 15, 1903.

Fifth. During an enlistment where there was actual participation in the Boxer rebellion on or after June 20, 1900, and before May 13, 1901.

Sixth. If disability was incurred or aggravated by active military or naval service during an enlistment where there was an active service in Spanish-American War or actual participation in the Boxer rebellion or Philippine insurrection.

Seventh. Presumptions: (a) A person who had active military or naval service of 90 days or more is presumed to have been sound at enlistment, except for defects noted at time of enlistment or where evidence or medical judgment is such as to warrant finding that disability existed prior to enlistment.

(b) A chronic disease of 10 percent or more becoming manifest within 1 year from date of separation from active service will be considered as incurred or aggravated by service even though there is no record of same in service, provided soldier rendered 90 days' or more service and evidence fails to show an intercurrent injury or disease which is a recognized cause of such chronic disease or the disability is not due to misconduct.

Eighth. A pre-existing injury or disease is considered to have been aggravated by active service where there is an increase in disability during active service unless specific findings show increase in disability is due to the natural progress of the disease.

Ninth. Rates per month as follows:

10 percent	$8
25 percent	20
50 percent	40
75 percent	60
100 percent	80

Additional rate of $20 for anatomical loss of use of hand, foot, eye. Rates of $100, $150, $175, $200, and $250 for blindness and loss of arm, leg, and so forth.

Widows and children

(Soldier's death due to service)

Rates per month as follows:

Widow but no child	$30
Widow and 1 child ($6 for each additional child)	40
No widow but 1 child	20

No widow but 2 children, $30 equally divided.

No widow but 3 children, $40 equally divided and $5 for each additional child, total amount to be equally divided.

Dependent mother or father, $20; or both, $15 each.

Total amount payable under this section shall not exceed $75. Where such benefits would otherwise exceed $75, the amount of $75 may be apportioned as the Administrator of Veterans' Affairs may prescribe.

The term "child" shall mean a legitimate child or a child legally adopted, unmarried, and under the age of 16 years, unless prior to reaching the age of 16 the child becomes or has become permanently incapable of self-support by reason of mental or physical defect.

Widow must have married soldier prior to September 1, 1922; no revival of pension to widows on revived widowhood.

SPANISH-AMERICAN VETERANS

(Disability not due to service)

First. Ninety days' service and honorable discharge during Spanish-American War, Boxer rebellion, Philippine insurrection, under certain conditions, namely:

(a) Must have had actual participation during Boxer rebellion or the Philippine insurrection.

(b) It is necessary that a claimant shall have entered service prior to the cessation of hostilities and shall have served continuously thereafter for 90 days. A period of continuous active service for 90 days which commenced prior to and extended into a period of hostilities—Spanish, Boxer, Philippine—shall be considered as meeting the requirements.

(c) Pension paid only for a permanent total disability not the result of his own misconduct.

(d) Rate paid is $20 per month.

(e) Any veteran of the Spanish-American War over 62 years of age who meets the other requirements shall be entitled to receive a pension of $6 per month for disability less than permanent total.

(f) Pension will not be paid to a single person whose income exceeds $1,000 per year, or married person or person with minor children whose income exceeds $2,500. This does not apply to veterans over 62 years of age.

Widows and children

(Soldier's death not due to service)

First. Widow must have married soldier prior to September 1, 1922; no revival of pension to widows on revived widowhood.

Second. Must have had 90 days' service with honorable discharge in service mentioned above.

Third. Rates of pension paid per month as follows:

Widow but no child, $15; widow and 1 child ($3 additional for each child), $20; no widow but 1 child, $12; no widow but 2 children ($15 equally divided); no widow but 3 children ($20 equally divided and $2 additional for each child, total amount to be equally divided).

Total pension under this section shall not exceed $27 monthly. Where such benefits would otherwise exceed $27 monthly, the amount of $27 may be apportioned as the Administrator of Veterans' Affairs may prescribe.

The term " child " shall mean a legitimate child or a child legally adopted, unmarried, and under the age of 16 years, unless prior to reaching the age of 16 the child becomes or has become permanently incapable of self-support by reason of mental or physical defect.

PEACE-TIME SERVICE

(Line of duty)

First. For disability resulting from personal injury or disease contracted in line of duty or for aggravation of a preexisting injury or disease contracted or suffered in line of duty, when such disability was incurred in or aggravated by active military or naval service during time of peace, provided such veteran was honorably discharged and the disability is not the result of the person's own misconduct.

Second. A person who had active military or naval service for 6 months or more is presumed to have been sound at enlistment, except for defects noted at time of enlistment or where evidence or medical judgment is such as to warrant a finding of a disability existing prior to enlistment.

Third. Rates per month as follows:

10 percent	$6
25 percent	12
50 percent	18
75 percent	24
100 percent	30

Additional rate of $10 for the anatomical loss or the loss of the use of only one foot or one hand or one eye. Rates of $50, $75, $87, $100, and $125 for blindness, loss of arms, legs, and so forth.

Widows and children

(Soldier's death due to peace-time service)

Rates per month are as follows:

Widow, but no child	$22
Widow and 1 child ($4 for each additional child)	30
No widow but 1 child	15

Widows and children—Continued

No widow but 2 children ($22 equally divided).
No widow but 3 children ($30 equally divided, with $3 for each additional child; total amount to be equally divided).
Dependent mother or father ($15; or both, $11 each).

The total amount payable under this paragraph shall not exceed $56. When such benefits would otherwise exceed $56, the amount of $56 may be apportioned as the Administrator of Veterans' Affairs may prescribe.

Widow must have married veteran prior to the expiration of 10 years subsequent to his discharge from the enlistment during which the injury or disease on account of which claim is being filed was incurred.

The term " child " shall mean a legitimate child or a child legally adopted, unmarried, and under the age of 16 years, unless prior to reaching the age of 16 the child becomes or has become permanently incapable of self-support by reason of mental or physical defect.

WORLD WAR VETERANS

(Line of duty)

First. Disability due to service, in line of duty, honorable discharge, and not due to misconduct.

Second. Disability must have been contracted during an enlistment entered into on or after April 6, 1917, and before November 12, 1918, when the disease or injury was incurred prior to July 2, 1921; provided, however, if the person was serving with the United States military forces in Russia, the dates herein shall be extended to April 1, 1920.

Third. Any person, who on or after April 6, 1917, and prior to November 12, 1918, applied for enlistment or enrollment in the active military or naval forces and who was provisionally accepted and directed or ordered to report to a place for final acceptance into such military service, or who on or after April 6, 1917, and prior to November 12, 1918, was drafted and after reporting pursuant to the call of his local draft board and prior to rejection, or who on or after April 6, 1917, and prior to November 12, 1918, after being called into the Federal service as a member of the National Guard but before being enrolled for the Federal service suffered an injury or disease in line of duty, and not the result of his own misconduct, will be considered to have incurred such disability in active military or naval service during the period of the World War.

Fourth. Presumptions: (a) A person who had active military or naval service of 90 days or more is presumed to have been sound at enlistment, except for defects noted at time of enlistment, or where evidence or medical judgment is such as to warrant finding that disability existed prior to enlistment.

(b) A chronic disease of 10 percent or more becoming manifest within 1 year from date of separation from active service will be considered as incurred or aggravated by service even though there is no record of same in service, provided soldier rendered 90 days' or more service and evidence fails to show an intercurrent injury or disease which is a recognized cause of such chronic disease or the disability is not due to misconduct.

Fifth. A preexisting injury or disease is considered to have been aggravated by active service where there is an increase in disability during active service unless specific findings show increase in disability is due to the natural progress of the disease.

Sixth. Rates per month as follows:

10 percent	$8
25 percent	20
50 percent	40
75 percent	60
100 percent	80

Additional rate of $20 for anatomical loss of use of hand, foot, eye. Rates of $100, $150, $175, $200, and $250 for blindness and loss of arm, leg, and so forth.

Widows and children

(Soldier's death due to service)

Rates per month as follows:

Widow but no child	$30
Widow and 1 child ($6 for each additional child)	40
No widow but 1 child	20

Widows and children—Continued

No widow but two children ($30 equally divided).
No widow but three children ($40 equally divided, and $5 for each additional child, total amount to be equally divided).
Dependent mother or father ($20, or both, $15 each).

Total amount payable under this section shall not exceed $75. Where such benefits would otherwise exceed $75 the amount of $75 may be apportioned as the Administrator of Veterans' Affairs may prescribe.

The term "child" shall mean a legitimate child or a child legally adopted, unmarried, and under the age of 16 years, unless prior to reaching the age of 16 the child becomes or has become permanently incapable of self-support by reason of mental or physical defect.

Widow must have married soldier prior to July 3, 1931, no revival of pension to widows on revived widowhood.

WORLD WAR VETERANS

(Disability not due to service)

First. Ninety days' service and honorable discharge during the World War, under certain conditions, namely:

(a) For the purposes of this section the World War shall be deemed to have ended November 11, 1918. In determining the period of active service for the purposes of this section it is not requisite that the 90-day period of service shall have been completed before the cessation of hostilities. It is necessary, however, that a claimant shall have entered service prior to the cessation of hostilities and shall have served continuously thereafter for 90 days.

(b) Pension paid only for a permanent total disability not the result of his own misconduct.

(c) Rate of pension paid is $20 per month.

(d) Pension will not be paid to a single person whose income exceeds $1,000 per year or married person or person with minor children whose income exceeds $2,500 per year.

WORLD WAR WIDOWS AND CHILDREN

(Soldier's death not due to service)

No pension will be paid to widows and dependents of veterans of the World War unless it has been proven that the veteran's death was due to injury or disease contracted in service in line of duty.

CIVIL WAR AND INDIAN WARS

Any pension and/or any other monetary gratuity payable to former members of the military or naval service in wars prior to the Spanish-American War, and their dependents, for service, age, disease, or injury, except retired pay of officers and enlisted men of the Regular Army, Navy, Marine Corps, or Coast Guard, shall be reduced by 10 percent of the amount payable. This reduction is only for the fiscal year ending June 30, 1934.

EMERGENCY OFFICERS' RETIRED PAY

An emergency officer granted retirement pay prior to March 20, 1933, shall be entitled to continue to receive such retirement pay, without any reduction, if the disability for which he has been retired with pay resulted from disease or injury incurred in line of duty during the World War, provided such person entered active service between April 6, 1917, and November 11, 1918, and that the disease or injury or aggravation of the disease or injury directly resulted from the actual performance of military or naval duty, and that the causative factor therefor is shown to have arisen out of the performance of duty during such service.

Mr. WEIDEMAN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to insert certain records showing the amount of American money invested in foreign stocks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. WEIDEMAN]?

There was no objection.

MESSAGE FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on May 18, 1933, the President approved and signed a bill of the House of the following title:

H.R. 5081. An act to improve the navigability and to provide for the flood control of the Tennessee River; to provide for reforestation and the proper use of marginal lands in the Tennessee Valley; to provide for the agricultural and industrial development of aid valley; to provide for the national defense by the creation of a corporation for the operation of Government properties at and near Muscle Shoals in the State of Alabama, and for other purposes.

PERMISSION TO ADDRESS THE HOUSE

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. BLANTON]?

There was no objection.

Mr. BLANTON. Mr. Speaker, the Committee on Rules has today brought in a special rule making in order House Joint Resolution No. 149, favorably reported from the Foreign Affairs Committee on April 14, 1933. But for this special rule, this resolution would not be in order, and the Speaker would sustain a point of order that I otherwise would make against it. But this special rule makes the resolution impervious to all points of order. This special rule allows only 1 hour of general debate on this resolution, one half of which is to be controlled by the chairman, and the other half by the ranking minority member of the Foreign Affairs Committee. Unless the other 410 Members of the House can obtain a little of this time from the Foreign Affairs Committee, they will not have an opportunity to say one word against the proposition, for under the terms of the special rule, all of the time for debate will be controlled by the chairman and ranking minority member of the Committee on Foreign Affairs.

Inasmuch as this measure doubtless will be called up for passage tomorrow, I am taking the floor to warn my colleagues of its provisions. I mentioned it on the day it was favorably reported, and I discussed it again on May 12, 1933 (p. 3355) and warned you to be on the lookout when it came up for passage. Are you in favor of spending $48,500 every year for all time to come on a so-called "International Institute of Agriculture at Rome, Italy"? That is what it proposes, for I now quote the first part of it word for word, as follows:

Joint resolution authorizing an annual appropriation for the expenses of participation by the United States in the International Institute of Agriculture at Rome, Italy

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the sum of $48,500, or so much thereof as may be necessary, is hereby authorized to be appropriated annually, for the expenses of participation by the United States in the International Institute of Agriculture at Rome, Italy, to be expended under the direction of the Secretary of State—

And so forth. And after authorizing the payment of about $5,000 toward the annual support of this institute in Rome, Italy, it then provides:

Not to exceed $7,500 for the salary of a United States member of the permanent committee of the International Institute of Agriculture.

That $7,500 happens to be a raise of $2,500 more in salary than was proposed by a similar resolution which the chairman of the Foreign Affairs Committee introduced in the last Congress, and I refer to House Joint Resolution No. 586, introduced in the House by Chairman MCREYNOLDS on February 2, 1933, and favorably reported on February 16, 1933, in which this particular clause reads as follows:

Not to exceed $5,000 for the salary of a United States member of the permanent committee of the International Institute of Agriculture.

Just what has happened since February 16, 1933, to cause the Committee on Foreign Affairs to want to raise this salary from $5,000 to $7,500? Are we raising salaries just now? Then, when did we begin to raise them? We have lowered and not raised salaries. We have cut all salaries 15 percent. Then why should we have an American employed by the year as a member of this institute in Rome, Italy? And why

should he live in Rome, Italy, the year round. The next provision of this resolution provides:

Not to exceed $5,500 for rent of living quarters, including heat, fuel, and light.

Are you in favor of furnishing a home in Rome, Italy, for this member of this Agricultural Institute in Rome, Italy, at an annual cost of $5,500? I am not.

Then the next item of expense in this resolution is to pay the following:

Compensation of subordinate employees without regard to the Classification Act of 1923, as amended.

Thus, there is no limitation in the measure as to the number of subordinate employees to be employed, and no limitation as to the salaries to be paid them, but Congress is to leave all that to somebody else. Who is to do the employing? Who is to fix their salaries? Are you colleagues here not interested in knowing beforehand these pertinent facts? I am interested in knowing them beforehand, and I am going to know them before such measures are passed.

I am afraid that the State Department is getting into the bad habit of adopting the methods used by the War Department and the Navy Department when framing their bills, in using technical language in its bills likewise, so that there will be little chance of discovery as to its intent and purpose. There are five innocent-looking little words in this resolution under which the greater part of this $48,500 will be spent each year, and they are the following, cut off by semicolons, to wit:

Actual and necessary traveling expenses.

These words are the ones that will permit the junkets. You will remember that there is an expense quota of about $5,000, and an annual salary of $7,500, and $5,500 for rent, heat, fuel, and light of his living quarters, and some compensation for subordinate employees. The balance of this annual $48,500 is to be spent under the heading "actual and necessary traveling expenses", and I want to know who is to do this traveling. I want to know who is to go on these junkets.

I represent a farming and stock-raising district. I am in close touch with the farmers. I know what they are thinking about. I know how they feel. I know what they want, and I know what they do not want. And I know that the farmers do not want us to spend $48,500 to participate in any so-called "Institute of Agriculture" in Rome, Italy. I know that they do not want us to pay $5,000 per year to Italy on the expenses of this institute. I know that the farmers do not want us to pay a man $7,500 per year salary and allow him $5,500 for dwelling, heat, fuel, and lights in Rome, Italy, just to be a member of that Italian institute. I know that the farmers do not want us to spend money to employ any subordinate employees for them in Rome, Italy. I know that the farmers do not want us to spend the balance of this $48,500 for annual traveling expenses over to Rome, Italy.

It may be of interest to you to know who started this Agricultural Institute in Rome, Italy. There was a man named David Lubin, of California, from whence comes our distinguished colleague——

Mrs. KAHN. May I say that I am not the only inhabitant of California present?

Mr. BLANTON. But I knew my friend would know something about it. In 1905 this man Lubin got the King of Italy to such a conference, and the United States was represented in it by Henry White, our then Ambassador to Italy. Instead of having our Ambassador, already there, and already drawing a salary to represent us, and already being furnished with a dwelling, heat, fuel, and lights, to sit in such conference as our representative whenever it was held, we entered into a new arrangement of having another and different representation at an added cost. And ever since 1905, except an interim during and following the war, and until 1928, when we cut loose from them, we have been "participating" in this so-called "Institute of Agriculture" at Rome, Italy, each year at an expense that has varied between $29,577 to $68,340 per annum. Since 1928 we have had no delegate to participate at Rome, Italy, in this institute, and we have ceased to participate actively in the affairs of the organization. And I want to say that it will pay us to stay out of it. We have been out of it since 1928. And we ought not to go back into it, especially when it will cost us $48,500 annually.

To give you an idea of just how each delegate we send to Europe spends public money that we take from the people back home in taxes, I remember that on May 8, 1928, there was held in Rome, Italy, what the Italian authorities called "an International Conference on Literary and Artistic Property." Of course, we had to attend it. There is always somebody who wants to attend. As a United States delegate there was a Mr. Thorvald Solberg, already employed on a salary, and he is an able, capable man, and I have high respect and regard for him, and the following is a correct statement of the expenses of his trip to Rome, which I got direct from the State Department, to wit:

Steamship fare, New York to Cherbourg, and railway fare, Cherbourg to Paris and return	$634.00
Railroad fare, Washington to New York	8.14
Pullman fare, Washington to New York	1.88
Miscellaneous traveling expenses and per diem allowances in Europe	633.39
Total	1,277.41

And that $1,277.41 for Mr. Thorvald Solberg's junket abroad was paid out of the Public Treasury with tax money wrung from the pockets of taxpayers whose shoulders are overburdened.

Oh, it is easy to theorize on paper, and to declare that certain imaginary benefits will accrue from this institute and that, but I challenge any official of this Government to show where the farmers of the United States have ever received any practical benefit whatever from this institute at Rome, Italy. Not many farmers even know that it has ever existed. My good colleague from Oklahoma, WILL ROGERS, tells me that he has taught school for the last 15 years and he never before heard of this Agricultural Institute at Rome, Italy. It is a junket proposition, pure and simple.

Mr. FORD. But the gentleman is talking about a junket. There is no junket in that resolution.

Mr. BLANTON. Now, why is there not?

Mr. FORD. That is for a permanent delegate.

Mr. BLANTON. Now let us see about that. Why do we have to have a man live in Rome, Italy, at a salary of $7,500, with an allowance of $5,500 more for his home, all the time, by the year, to attend an institute? They proposed last February to pay him only $5,000 a year to live in Rome.

Mr. HOEPPEL. Will the gentleman yield?

Mr. BLANTON. In just a moment. Now they are proposing to increase that salary from $5,000 to $7,500 by this bill, to live in Rome, Italy; and they are proposing to give him $5,500 more a year for expenses there, for rent and expenses. Then, what is to become of the balance of the $48,500 each year? He will not do the farmers of the United States one dollar of good. There is not a farmer in my big district in Texas who wants this institute held in Rome. I will say to my friend WILL ROGERS, of Oklahoma, there is not one farmer in the whole State of Oklahoma who wants it.

Mr. GASQUE. Will the gentleman yield?

Mr. BLANTON. In a moment, I will, gladly. But the Foreign Affairs Committee is interested simply because the State Department sent it to them. Now, this is the way these things happen.

Some fellows want to take trips to Europe. They get a department to send a recommendation to the President. The President knows nothing about the matter. He merely approves the recommendation of his department. The department forwards the recommendation to a committee of Congress, together with a draft of the bill they want passed. Many times committees approve them without question or serious thought, and Congress passes them, and the money is spent, and the junkets taken. That is why we find so

many employees of this Government frolicking all over Europe every year, and we have to tax the people to pay for it. I remember that in another Congress, I was a conferee on a bill, and I objected to an item of $10,000 that had been put into it, and it was remarked, "Oh, we cannot take that out, as it is the summer trip of our good friend ———." We must stop these summer trips, even if they are to be taken by good friends of ours.

Why, Rome, Italy, is simply bedecked constantly with international conferences. If we attended all of them that are held there, we would be going back and forth all of the time, at great expense to the people. The following is a communication that came here to the House from the State Department last January inviting us to come to Rome, Italy, on an "International Parliamentary Conference on Commerce":

DEPARTMENT OF STATE,
Washington, January 4, 1933.

Hon. JOHN N. GARNER,
Speaker of the House of Representatives.

SIR: There is transmitted herewith for your information and consideration a copy of a despatch from the American Embassy at Rome and its enclosure, a letter from the secretary general of the International Parliamentary Conference on Commerce, extending to the Congress of the United States an invitation to be represented at the eighteenth plenary assembly of the above-mentioned organization, which is to take place in the capitol at Rome, beginning April 19, 1933.

The Department will be pleased to receive an indication of the views of the House of Representatives with regard to this invitation in order that an appropriate reply may be made to the secretary general of the conference.

For your information, it may be stated with regard to the seventeenth assembly of this conference which was held at Prague in 1931 that, the Senate and House of Representatives having adjourned without having taken action to appoint representatives, this Department was requested by officers of the two Houses to delegate observers on behalf of the Government of the United States from the Foreign Service. As a result the American consul general and the commercial attaché at Prague were so delegated.

This matter is also being referred to the Vice President.

Very truly yours,

H. L. STIMSON.

We ought to stop this eternal spending of public money on wasteful, extravagant, and useless matters. This Institute of Agriculture in Rome, Italy, may be important to Italians in Rome, but it is of absolutely no interest to the farmers of America. I want to ask you colleagues present, have you got any farmers at home in your district who want you to spend $48,500 each year having somebody attend this institute in Rome, Italy? If you have such farmers, I feel sure that they do not know how to milk cows, as does my good friend from Minnesota, Senator MAGNUS JOHNSON.

Mr. JOHNSON of Minnesota. I stand with the gentleman on this; I am with him.

Mr. BLANTON. We ought to stop it. I have been fighting against these expensive junkets ever since I first came to Congress.

You will note that these delegates on trips abroad, like Mr. Thorvald Solberg, use $1,277.41, so they can spend going over $500 for a trip on a big, fine *Manhattan* to Cherbourg and Paris, and another $500 to spend running around over Europe, with the trip back on a sea palace like the *Washington*.

Mr. WEIDEMAN. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. I yield.

Mr. WEIDEMAN. It is just like sending them on a social trip at Government expense.

Mr. BLANTON. That is it. I wish the gentleman could see what happens on some of these social trips.

Mr. HART. Are these delegates farmers?

Mr. BLANTON. No; they are not farmers.

Mr. HART. Let me call the gentleman's attention to what happened in Michigan in the matter of $250,000 spent in an effort to introduce and develop the Katahdin potato.

Much money has been spent in the undertaking, with the result that a carload of these potatoes was shipped into the State of Michigan for the purpose of being given to the farmers of the country, but all that happened was that a few were given to college friends, who will cultivate these potatoes, so that next year they can charge the other farmers $5 and $10 a bushel for them for seed.

Mr. BLANTON. Yes; I showed just how much our Department of Agriculture spent in sending its scientists all over old Mexico and South America hunting wild potatoes. Mr. Speaker, I cannot yield further.

[Here the gavel fell.]

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to proceed for 5 additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BLANTON. I have been trying for years to stop this waste and extravagance. The President did not send this up here as an emergency measure. Our good friend, Cordell Hull, did not ask us to pass this kind of a measure when he was a Member of the House or Senate.

Mr. McREYNOLDS. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. I yield.

Mr. McREYNOLDS. The gentleman is inaccurate in his statement regarding this matter.

Mr. BLANTON. Now, I want to be fair to my friend.

Mr. McREYNOLDS. Well, the gentleman is not fair.

Mr. BLANTON. I want to say this: You cannot always rely on committees that bring in a resolution to give you all the facts. Why, you could not rely on the Rules Committee, and you could not rely on the gentleman from New York [Mr. SIROVICH] when they tried to get you to spend $250,000 the other day on a junketing resolution.

Because authors of such resolutions are my friends is not going to deter me from doing my duty here in trying to save the money of the people.

Mr. BLACK. Does not the gentleman remember the time recently when the Judiciary Committee came in with a bill which the House was assured was endorsed by both the Department of Justice and the Department of State, when in fact both Secretaries repudiated it?

Mr. BLANTON. The Rules Committee did turn down a request for a rule, the other resolution from the Committee on the Judiciary, which sought to allow it to hold hearings anywhere in the United States, after the Speaker sustained my point of order against it, and I made that point of order when as good a friend as my friend from Texas [Mr. SUMNERS] is chairman of that committee. Yet this did not stop me from doing my duty and stopping that resolution, that would have permitted the 25 members of the Judiciary Committee to sit anywhere in the United States any time they wanted to and employ high-priced lawyers and experts at the expense of the people. This ought to be stopped; I do not care if Cordell Hull has approved it since he has become Secretary of State.

Mr. McREYNOLDS. Will the gentleman yield?

Mr. BLANTON. I am sure the gentleman this time will couch his question in friendly terms, and I yield.

Mr. McREYNOLDS. Did I understand the gentleman to say that the Chairman of the Rules Committee had refused a rule on this resolution?

Mr. BLANTON. Oh, no. I said he had brought in a rule for it. I said that the Rules Committee had refused to vote out a special rule for the investigation by the Judiciary Committee; and that is so, is it not? They have not brought in any rule on that, although we were served notice the other day by one member that they were going to bring it in immediately. They had a meeting, and I am informed by members of the committee that the members of the committee opposed it and they could not pass it.

Mr. BLACK. I referred to the press-censorship bill.

Mr. BLANTON. I know that. I am talking about the resolution now for which they have been trying to get a rule that would permit the 25 members of the Committee on the Judiciary, or any subcommittee, to sit anywhere in the United States they want to from now until January 1 and employ experts, and so on. I stopped that bill with a point

of order. We ought to stop this eternal junketing in all bills. [Applause.]

I hold in my hand a copy of Senate Document No. 130, Seventy-second Congress, first session, embracing a letter from President Hoover, transmitting to the Congress the recommendation of the Secretary of State, Mr. Stimson, proposing identically this same bill, except that the salary of the resident delegate was only $5,000, to wit:

To the Congress of the United States:

I commend to the favorable consideration of the Congress the inclosed report from the Secretary of State, to the end that legislation may be enacted authorizing an annual appropriation of $48,500 for the expenses of participation by the United States in the International Institute of Agriculture at Rome, Italy.

HERBERT HOOVER.

THE WHITE HOUSE, *June 29, 1932.*

No such message as the above has ever come to us from President Franklin D. Roosevelt, in this emergency session. And in parallel columns I will now quote first on the left the bill prepared and sent by Mr. Henry L. Stimson, Secretary of State under Mr. Hoover, on June 29, 1932, and on the right the present bill that is to be taken up under the special rule, and you will see that they are exactly the same, except the latter proposes to raise the salary from $5,000 to $7,500. And following, in parallel columns, I will show the purposes of the institute, as stated in said Senate document, sent by Mr. Stimson in 1932, and the purposes of the institute, as stated by the present report of the Committee on Foreign Affairs, and you will see that both are identical. Hence, you will see that these purposes are mere theoretical hopes and aspirations, and there is nothing whatever to show that any of such proposes have been accomplished.

STIMSON'S BILL	PRESENT BILL
Joint resolution authorizing an annual appropriation for the expenses of participation by the United States in the International Institute of Agriculture at Rome, Italy	Joint resolution authorizing an annual appropriation for the expenses of participation by the United States in the International Institute of Agriculture at Rome, Italy
Resolved, etc., That the sum of $48,500, or so much thereof as may be necessary, is hereby authorized to be appropriated annually, for the expenses of participation by the United States in the International Institute of Agriculture at Rome, Italy, to be expended under the direction of the Secretary of State in the following manner:	*Resolved, etc.*, That the sum of $48,500, or so much thereof as may be necessary, is hereby authorized to be appropriated annually, for the expenses of participation by the United States in the International Institute of Agriculture at Rome, Italy, to be expended under the direction of the Secretary of State in the following manner:
(1) Not to exceed the equivalent in United States currency of 192,000 gold francs for the payment of the annual quota of the United States for the support of the institute, including the shares of the Territory of Hawaii, and of the dependencies of the Philippine Islands, Puerto Rico, and the Virgin Islands.	(1) Not to exceed the equivalent in United States currency of 192,000 gold francs for the payment of the annual quota of the United States for the support of the institute, including the shares of the Territory of Hawaii, and of the dependencies of the Philippine Islands, Puerto Rico, and the Virgin Islands.
(2) Not to exceed $5,000 for the salary of a United States member of the permanent committee of the International Institute of Agriculture.	(2) Not to exceed $7,500 for the salary of a United States member of the permanent committee of the International Institute of Agriculture.
(3) Not to exceed $5,500 for rent of living quarters, including heat, fuel, and light, as authorized by the act approved June 26, 1930 (46 Stat., p. 818); compensation of subordinate employees without regard to the Classification Act of 1923, as amended; actual and necessary traveling expenses; and other contingent expenses incident to the maintenance of an office at Rome, Italy, for a United States member of the permanent committee of the International Institute of Agriculture.	(3) Not to exceed $5,500 for rent of living quarters, including heat, fuel, and light, as authorized by the act approved June 26, 1930 (46 Stat. p. 818); compensation of subordinate employees without regard to the Classification Act of 1923, as amended; actual and necessary traveling expenses; and other contingent expenses incident to the maintenance of an office at Rome, Italy, for a United States member of the permanent committee of the International Institute of Agriculture.
1932 STATEMENT OF PURPOSES	PRESENT STATEMENT OF PURPOSES
The purposes of the institute as stated in the convention are to—	The purposes of the institute as stated in the convention are to—
(*a*) Collect, study, and publish as promptly as possible statistical, technical, or economic information concerning farming, both vegetable and animal products, the commerce in agricultural products, and the prices prevailing in the various markets.	(*a*) Collect, study, and publish as promptly as possible statistical, technical, or economic information concerning farming, both vegetable and animal products, the commerce in agricultural products, and the prices prevailing in the various markets.
(*b*) Communicate to parties interested, also as promptly as possible, all the information just referred to.	(*b*) Communicate to parties interested, also as promptly as possible, all the information just referred to.
(*c*) Indicate the wages paid for farm work.	(*c*) Indicate the wages paid for farm work.
(*d*) Make known the new diseases of vegetables which may appear in any part of the world, showing the territories infected, the progress of the disease, and, if possible, the remedies which are effective in combating them.	(*d*) Make known the new diseases of vegetables which may appear in any part of the world, showing the territories infected, the progress of the disease, and, if possible, the remedies which are effective in combating them.
(*e*) Study questions concerning agricultural cooperation, insurance, and credit in all their aspects; collect and publish information which might be useful in the various countries in the organization of works connected with agricultural cooperation, insurance, and credit.	(*e*) Study questions concerning agricultural cooperation, insurance, and credit in all their aspects; collect and publish information which might be useful in the various countries in the organization of works connected with agricultural cooperation, insurance, and credit.
(*f*) Submit to the approval of the governments, if there is occasion for it, measures for the protection of the common interests of farmers and for the improvement of their condition, after having utilized all the necessary sources of information, such as the wishes expressed by international or other agricultural congresses or congresses of sciences applied to agriculture, agricultural societies, academies, learned bodies, etc.	(*f*) Submit to the approval of the governments, if there is occasion for it, measures for the protection of the common interests of farmers and for the improvement of their condition, after having utilized all the necessary sources of information, such as the wishes expressed by international or other agricultural congresses or congresses of sciences applied to agriculture, agricultural societies, academies, learned bodies, etc.

Mr. BLANTON. So it will be easily seen, Mr. Speaker, that this whole matter is one that has come from the Department of Agriculture and the State Department, and they prepared and sent the measure here for us to pass. It is true, as the gentleman from Tennessee stated, that Hon. Cordell Hull, since he has become the Secretary of State, has approved this matter, but I imagine he did it perfunctorily.

Not one word has come to us from anybody showing that any of the purposes for which this institute was formed has ever been accomplished. No one can tell us of any practical benefit that farmers have ever gotten from this institute. We have not participated in it since 1928. And we ought not to ever participate in it again. And we ought to save this $48,500 per year. We ought to defeat this resolution whenever it is called up for passage.

Mr. McREYNOLDS. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. McREYNOLDS. Mr. Speaker, I am very glad, indeed, that I happened to walk in on the floor of the House or was notified that the gentleman from Texas was making this speech. You know he has harped a great deal on these committees that go abroad and he has even seen fit to reflect upon my committee and the chairman of the committee.

Mr. BLANTON. Oh, not to reflect on them. I am a friend of every member of the Committee on Foreign Affairs. I am simply calling attention to the effect of legislation that this committee has reported here. The gentleman knows that I would not reflect on any member of that splendid committee.

Mr. McREYNOLDS. Whenever you go to discuss a matter of this kind and attempt to give the gentleman the facts, he always leaves you and says that he will investigate it.

The statement of the gentleman in reference to this bill not being advocated by Secretary of State Hull or by the President of the United States is absolutely without foundation and untrue.

If you will only examine the report, as you should have done, you will see the statement of Secretary Hull and the statement of the Secretary of Agriculture in this report; and I am authorized by the President of the United States himself, by telephone communication this morning, to state that he is behind this bill and thinks that this information which the farmers of this country ought to have could be acquired cheaper by this means than by any other means we could offer.

The gentleman talks about these junketing committees. I am certainly in sympathy and in harmony with him on that. I have voted against these junketing committees, but why does he bring that into this matter? This is not a junketing committee. The gentleman ought to be more careful about the statements he makes when he comes before the House.

What is this institution? What is its purpose? It was organized in 1905 by a man from California, our own country, who went to Rome and secured the cooperation of the Government there, and it was made a world-wide matter of cooperation by the various nations. It was the greatest institution of its kind in the world up to the time the League of Nations was created. It is the only place in the world where you can secure information for the farmers of this country. It gives you detailed reports, and these reports are used by the Agricultural Department and by the farmers throughout the Nation. It is also bound up by treaty agreements. There is a treaty between various nations, and the gentleman would have you violate these treaties.

In 1921 and 1922 they had to pay more than the original treaty and the appropriations were made; but in 1928, as the gentleman has correctly stated, there was a disagreement about who was in charge and about the reservation of which the gentleman speaks, and then our country withdrew our delegates; but we had to pay, under our treaty agreements, toward the keeping up of the institution.

Mr. BLANTON. That is about $4,000 a year.

Mr. McREYNOLDS. It runs between four and five thousand dollars. Our treaty agreement provided for payment in francs, and as the franc had depreciated we did not have to pay more than four or five thousand dollars; and the party that he speaks of who was in charge, since that time has gone out of office at the request of this Government and other governments and now it is left to the council, and that is the reason that our Government and other governments are willing to go back into this institute, and that is the reason they come here asking you for this authorization.

Mr. CARTER of California. Will the gentleman yield?

Mr. McREYNOLDS. Yes.

Mr. CARTER of California. With the exception which the gentleman has noted, has the Government participated in this conference since 1905?

Mr. McREYNOLDS. During the war, I think not. Up to 1928 we had a delegate there.

Mr. CARTER of California. Can the gentleman explain for the enlightenment of the House any benefit that has accrued to the farmer by reason of this conference?

Mr. McREYNOLDS. We have it in the report; the gentleman can see it by reading the report.

Mr. BLANTON. Will the gentleman yield?

Mr. McREYNOLDS. I yield.

Mr. BLANTON. I will guarantee that my friend cannot find a farmer in Tennessee or a farmer in Texas that ever heard of this institute.

Mr. McREYNOLDS. That is like the general statements the gentleman is making on the floor. The gentleman is continually making statements that are not borne out by the facts. That is the way I feel about it. The gentleman from Texas is always taking the floor to make general statements, and, in this case, trying to establish a connection with a junketing committee. He connected other junketing trips with this, for which there is no foundation. What we propose to do is to preserve our treaty rights. We place a man there to look after the rights of this country. I think I would not have to go far to get a witness—no farther than the Speaker of this House, who is a farmer. I talked with him and he told me at one time that he had written over there for information and could not get it because we did not have a representative there. It was in reference to the great bank that was being organized for the League of Nations, by which the farmers of the country could be furnished loans at the rate of interest of 1 percent. That was very vital to this country. That would be a saving. It takes a qualified man there to represent this Government, to collect this data for the farmers of this country.

You can get no information more valuable from any source than you get from this institute. As the President said this morning, there is no means by which we can acquire that information as cheaply as we can to meet our treaty obligations than by this expenditure.

This bill was recommended by ex-President Hoover, Mr. Stimson of the State Department, and by the present Secretary of State, and the present Secretary of Agriculture, and the President of the United States.

It seems to me, sir, that that ought to have some influence as to the importance of this service, more influence than the gentleman from Texas, who comes to you and says nobody except some students ever heard of this institute.

Mr. BLANTON. Will the gentleman yield?

Mr. McREYNOLDS. I will yield.

Mr. BLANTON. The gentleman is the chairman of the committee. He ought to know as much about it as any member on his committee. I challenge him to tell one thing to this House, one piece of information of value to the farmers that this institute has ever given. If he can tell me one, I will sit down—one single piece of information that has been of value to the farmers.

Mr. McREYNOLDS. If I gave that to the gentleman, he would be a doubting Thomas.

Mr. BLANTON. No; but I want the facts. When the gentleman speaks of ex-President Hoover I am reminded that there is a monument down here on Pennsylvania Avenue known as the "$20,000,000 Commerce Building" that will be an eternal monument to Hoover's extravagance.

Mrs. ROGERS of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. McREYNOLDS. Mr. Speaker, I want first to pay my respects to the gentleman from Texas.

The SPEAKER. The time of the gentleman from Tennessee has expired.

Mr. McREYNOLDS. Mr. Speaker, I ask unanimous consent to proceed for 3 minutes more.

The SPEAKER. Is there objection?

There was no objection.

Mr. BLANTON. Mr. Speaker, I ask that the gentleman have 10 minutes more, because I wish he would tell us one piece of information that has been gathered by this institute at Rome that has benefited the farmer.

The SPEAKER. The gentleman from Tennessee is recognized for 3 minutes.

Mr. McREYNOLDS. Mr. Speaker, the gentleman from Texas [Mr. BLANTON] says that he is always willing to be convinced by reason and logic. If he can show me anybody in this House who can substantiate that statement, I shall take more time, as he suggests.

Mr. BLANTON. I will show the gentleman many Members here who will substantiate the fact.

Mr. JOHNSON of Minnesota. Mr. Speaker, will the gentleman yield to me?

Mr. McREYNOLDS. Yes.

Mr. JOHNSON of Minnesota. I have not taken up very much time on this floor. As a farmer and a lawmaker, if I can call it that at the present time, can the gentleman tell me what real benefit American agriculture will have from this trip of, maybe, a dozen or a score of people to Rome?

Mr. McREYNOLDS. The gentleman from Minnesota has misinformation about a score going to Rome.

Mr. JOHNSON of Minnesota. If they spend $48,000——

Mr. McREYNOLDS. There is one representative there to represent this country. Let me show the gentleman the

purposes of this institution, and then he can judge for himself whether or not the information is worth anything to this country. What is the purpose of the institution? It is to collect, study, and publish as promptly as possible statistical, technical, or economic information concerning farming, both vegetable and animal products, the commerce in agricultural products, and the prices prevailing in the various markets of the world.

Mr. JOHNSON of Minnesota. Stop right there.

Mr. McREYNOLDS. No; let the gentleman do the stopping. I have the floor, it is my time. It strikes me that if that information is given to people who have things to ship, and they can be advised of the markets of the world, it will be of benefit. Second, its purpose is to communicate to parties interested, as promptly as possible, the information just referred to. That has been done throughout this country. Whether or not my friend from Texas [Mr. BLANTON] has received any information of that character I know not—but I presume not, because he is not a farmer, and he would not know what to do with it if he did get it.

Mr. BLANTON. Oh, I will put my general information up against the gentleman's general information.

Mr. McREYNOLDS. I am not yielding. Third, to communicate the wages paid for farm work and to make known new diseases of vegetables, which appear in any part of the world, showing the territories affected, the progress of the disease, and, if possible, the remedies which are effective in combating them. Does the gentleman believe that that will be of service to the farmers in this country?

Mr. JOHNSON of Minnesota. May I ask the gentleman a question right there?

The SPEAKER. The time of the gentleman from Tennessee has again expired.

Mr. JOHNSON of Minnesota. I want to ask the gentleman 2 or 3 questions.

Mr. BLANTON. Mr. Speaker, I ask unanimous consent that the gentleman have 2 minutes more.

Mr. JOHNSON of Minnesota. And I hope the gentleman from Texas will keep quiet so that I can have the gentleman's attention for just a moment.

The SPEAKER. The time of the gentleman from Tennessee has again expired.

Mr. BLANTON. Mr. Speaker, I ask unanimous consent that the gentleman may have 2 minutes more.

The SPEAKER. The gentleman from Texas asks unanimous consent that the gentleman from Tennessee may proceed for 2 minutes more. Is there objection?

Mr. ROGERS of Oklahoma. Mr. Speaker, I reserve the right to object. The gentleman from Tennessee was stating what this institution is for; but returning now to the question—because I am a new man, and if this is a good thing, I am for it—I should like to have the question answered as to what good this thing has done.

The SPEAKER. Is there objection?

There was no objection.

Mr. JOHNSON of Minnesota. I am a farmer, and maybe I should have some privilege.

Mr. McREYNOLDS. The gentleman should.

Mr. JOHNSON of Minnesota. I do not belittle the effort of anybody to help the people of this country and other countries in the world, but does not the gentleman as chairman of that great committee, having been a Member of this House for years and years, know that we, the farmers of this country, have about enough information on that score? I want to put another question to the gentleman so he can answer one after the other. Does the gentleman not know that we have a group of people in this country today informing us farmers how to raise more, and that we also have another group who are telling us to raise less and even destroy the things that we have planted and tried to raise in this country? Let the gentleman answer those questions, and then I will put 2 or 3 more if he has the time.

Mr. McREYNOLDS. The gentleman seems to be proceeding on his own convictions, regardless of what people think about it. He may have what information he desires as a farmer, and I presume he has, with the standing and the learning and the compliments that he has had in his lifetime. I presume he had a chance to acquire this knowledge, but there is many a poor farmer in his district, I have no doubt, who has not had those same advantages, and I presume that that is one of the reasons why the gentleman's constituents have sent him down here, so that he may impart that information to them. This is absolutely endorsed by the Secretary of Agriculture as a part of his program, because he feels that it will help the farmers of this country. His letter to that effect is not only in the RECORD, but it is also in a private letter.

The SPEAKER. The time of the gentleman from Tennessee has again expired.

Mr. HOEPPEL. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. HOEPPEL. Now that the battle is over, I hope we can have peace.

Mr. Speaker, I am going to speak on something other than finances and junkets. I am going to speak on a subject which is near and dear to the heart of every Member of Congress and every citizen of the United States and in the world. I refer to our American homes and motherhood. I wish to preface my remarks with commendation of the ministers of New York who in their sermons last Sunday deviated from the ordinary eulogy in poetry to the mothers of America and addressed themselves to the question of economic relief and benefit to the mothers of America.

I am interested in the mothers of America, and I am interested in the welfare of the women of America. During the campaign and since we heard a great deal about the forgotten man. I am here this afternoon to speak briefly for the forgotten woman of America, because she has never been considered. Today 150,000 are transients, while a total of approximately 1,500,000 are unemployed.

We passed a bill putting 250,000 young men to work at starvation wages, but we have done absolutely nothing for the young unmarried women and widows of America.

Mr. CARTER of California. Will the gentleman yield?

Mr. HOEPPEL. I do not have the time. I am just bringing up the subject. What I am striving to present to you is this, that in the city of Washington and throughout the United States in general there are untold thousands of married women who are working and who do not need to be employed. The leadership here have been free and liberal in bringing bills to us, saying the President is for such bills and urging our support. Will these leaders go back and tell the President that the American people are opposed to the unnecessary employment of married women in government?

In the Patent Office in this city there is an attorney who receives $7,400 per year. His wife is employed in the same division, receiving $3,400. Yesterday I was told of a man working in the Printing Office, at a salary of $3,200, and his wife working in the Treasury at $2,400. His son is a page in this Congress and his daughter is secretary to a Congressman. I think this Congress ought to set an example to the world and to the individual who is out of employment and enact legislation preventing the employment of married women who do not need to work.

As I go back and forth to my home I see an army of women. In fact, I see them riding in limousines, their fingers bedecked with diamonds. Every high-class apartment here is filled with poodle dogs. For every poodle dog that is maintained by these married women who are unnecessarily employed there are women and children walking the streets begging for bread. Yesterday a fine, high type American lady came to me pleading for help. She was secretary to a Congressman here. She went to the Woodward Building looking for work. A high-class law firm offered her $5 a week. On investigation I found the man who offered her $5 a week lives in one of the swellest apartments in Washington. What we need is a little more humanity in government and a little more humanity in the hearts of the people.

It is up to this Congress and these leaders, who are always talking about money, finances, and bonds, to think a little about the unemployed. I take you briefly to my own State of California, where letters to me indicate that conditions are becoming increasingly worse. The county of Los Angeles borrowed money from the Reconstruction Finance Corporation. The poor, distressed unfortunates in my county who were paid with these funds were taken from their work and called into the office.

In order to continue in employment they were forced to subscribe to a pauper's oath, and in this oath they required to know whether the wife at home had an engagement ring or a wedding ring. Can you imagine such a thing in this free country of America? But you will all observe that when $90,000,000 was loaned to Dawes, which he turned over to Insull, they did not ask Dawes whether his wife had a wedding ring.

Mr. LUNDEEN. Will the gentleman yield?

Mr. HOEPPEL. I yield.

Mr. LUNDEEN. I wonder if the gentleman is aware of the fact that recently something on the same order happened to some soldiers? They required them to leave the soldiers' home at Dayton, and when expelled compelled them to leave without outer garments. This fact can be confirmed by reference to the May 15 issue of the Disabled American War Veterans' periodical.

Mr. HOEPPEL. I can answer the gentleman in detail on that subject, as I yield to no man in my knowledge of the veteran question. [Applause.]

The SPEAKER. The time of the gentleman from California [Mr. HOEPPEL] has expired.

Mr. DOWELL. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Iowa [Mr. DOWELL]?

There was no objection.

Mr. DOWELL. Mr. Speaker, there has been a great deal of discussion on the financial situation, on the condition of the Treasury, and on the subject of taxation. It is not often that I read an article in this House, but I want to call attention specifically to an Associated Press dispatch, which appeared in the Washington Star a few nights ago, and I want to emphasize this, if I may, because I take it the article is authentic.

The headlines and the article are as follows:

$2,500,000 SALARY UNDER CHALLENGE—SUPREME COURT ASKED TO PASS ON REASONABLENESS OF TOBACCO OFFICIALS' PAY

By the Associated Press

The Supreme Court was called upon yesterday to decide whether $2,500,000 annually is an exorbitant salary for the president of the American Tobacco Co.

At the same time it was asked to determine whether salaries of from $500,000 to $1,500,000 is too much for the vice presidents of the concern.

Richard R. Rogers, a stockholder, presented the question in challenging the validity of a bylaw adopted by the stockholders in 1912, under which the president and five vice presidents of that company were voted a percentage of net profits remaining after paying operating and other expenses and dividends on the preferred stock.

HOLDS AUTHORITY LACKING

Rogers contended the stockholders had no authority under the charter to adopt such a bylaw, declaring that authority was in the hands of the directors, and insisted the high court should consider the reasonableness of the compensation being paid the president and vice presidents.

The Second Circuit Court of Appeals at New York held the bylaw valid and questions from the bench developed that the reasonableness of the compensation paid the officers had not been decided by the lower courts.

Nathan L. Miller, counsel for the company, insisted the stockholders were the sole judges of the compensation to be paid their officers and that the high court should not interpose.

WARRANTED BY SERVICES

While President Hill of the company under the bylaw had received an additional $840,000 compensation in 1930, Miller asserted the value of the services rendered by him, as shown by the increase in the earnings of the company that year was, in the judgment of the stockholders, ample to warrant it. "The stockholders", Miller said, "were always in a position to change the bylaw at any of their meetings."

Mr. Speaker, no trust organization in the United States, under the laws of the United States, should ever be permitted to pay these officers such exorbitant salaries. [Applause.] If these exorbitant salaries are being paid by any trust company in the United States a large part of these salaries should be covered into the Treasury of the United States under the tax laws of the country. I insist that while we are undertaking to raise revenue for the expenses of the Government, instead of placing further burdens on those of limited means, who can ill afford to pay, we should strike these large incomes so hard that there will be no occasion to bring suit to ascertain if $2,500,000 is an exorbitant salary.

[Here the gavel fell.]

Mr. DEEN. Mr. Speaker, I ask unanimous consent to address the House for 20 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. DEEN. Mr. Speaker, 22 cents out of the retail dollar in 1929 was paid to chain stores. The ratio of chain sales to total sales varied greatly between types of retail stores. There were five fields in which the chain could be considered a dominant factor in distribution. These types of stores and the percent of total retail business accounted for by chains in each case were as follows:

	Percent
Variety store chains	89.5
Household appliance chains	50.5
Shoes	45.8
Groceries and meats	44.0
Filling stations	35.2

The variety store is better suited to the chain type of operation. Each small commodity department within a variety store is linked to every similar department in other stores in the same grouping and operated from headquarters. This is a true chain operation as compared with the situation in other fields where a number of individual units are subject to a single ownership and control, but are still of necessity operated as individual units because of the character of the business.

In the other four groups in which the chain is a dominant sales factor, there appears to be various considerations which help chain operation to succeed. In the case of chain shoe stores and chain filling stations, by far the greater number of chain systems are owned and operated by manufacturers in an effort to control and stabilize the retail distribution of their products. The case is somewhat similar for household-appliance chains, 80 percent of the systems being operated by public-utility companies who desire more than anything else to support and develop the market for electricity or gas by promoting the sales of gas and electric appliances.

The grocery chain offers at least one important advantage for chain operation in the very limited number of items which the typical grocery store carries and the consequent ease of standardizing the operation of store units in this field.

Aside from these five fields in which there may be some ground for economic advantage from chain operation, there are other fields in which chains do a much smaller percentage of the business and where their contributions to efficient distribution are extremely doubtful. One such field is the retail drug field. Only 18½ percent of all retail drug volume went through the chain units in 1929. Nevertheless, the presence of the chain organization in the field was the most important consideration confronting the trade as a whole or manufacturers supplying the trade. Chain stores in the drug field had pursued a consistent policy of drastic price cutting which continued to be a source of great dissatisfaction and confusion in the trade. The price cuts offered by the chain drug stores did not arise from a favorable position concerning operating costs. As a matter of fact, the operating expense for chains in 1929 was 27.6 percent as against 27.1 for all drug stores, including chains. It is interesting to anticipate just what economic advantage is derived from a type of concern which succeeds only in

increasing the operating expenses of the field in which it operates, despite very expert staffs of executives and merchandisers.

The volume of business done by drug chains is highly concentrated within a few organizations. Seven companies with annual sales of $5,000,000 or more each accounted for 62.3 percent of chain drug sales, or 11.5 percent of all retail drug sales.

It is principally the practices followed by these seven major organizations which have been the source of great difficulty and dissention in the drug field. It is an open secret among all branches of the trade that these organizations secure price concessions from the manufacturer on almost all items which have no relation whatever to the relative cost of selling to chains as against other retailers. The abuses arising from a price structure built around chain stores can be observed to better advantage in the drug field than any other. Seven organizations are being permitted to create disorganization and price instability in a field where there are nearly 60,000 individual operators. This will help to explain the fact that the independent druggist has taken the lead in promoting efforts for price stabilization. Even though legislation now before Congress may be badly conceived, the multiplicity of bills offered reflect the urgency of the need for some adjustment.

It might be contended that while the chain drug store has average operating cost about 1 percent higher than the independent drug store that the chain type of organization is justified economically because of savings accruing in the performance of the wholesale function. The best figures available on the cost of the wholesale function to drug chains were collected by the Census of Distribution. For 41 chain organizations reporting the expenses of the average chain-store warehouse were 6.6 percent of the value of merchandise handled at wholesale prices. This is only slightly lower than the figure for efficient cooperative wholesale establishments in the drug field which are running 7 and 8 percent of sales for operating expenses. Considering both the retail and wholesale functions then, it appears that the chain-store organizations do not offer any economic saving over the results achieved by independent distributors.

The chain stores in many lines have enjoyed spectacular growth, particularly during the 5 years ending with 1929. There were only a few of the retail trades enumerated by the Census of Distribution in 1929 in which more than half of the chain units in operation were established previous to this 5-year period. These lines, with the percentage of units in operation before 1925 in each case, were as follows:

	Percent
Office appliances	87
Motor-vehicle dealers	67.6
News-dealer groups	65.3
Variety-store chains	57.8
Men's wear	57.8
Drug stores without fountains	54.4
Hardware chains	53.6

There were several lines which enjoyed unusually rapid growth in the 4 years following 1925. In fact there were several lines in which the stores opened during this period constituted a third or more of all units enumerated in 1929. These groups in order were filling stations, food chains, household appliances, department stores, drug stores with fountains, shoe chains, jewelry, restaurants, and furniture.

There were some fields in which chains were still expanding so rapidly in 1929 that 1 out of 5 or more of the stores listed were opened in that year. These groups, with the percentage opened in 1929 given in each case, were as follows:

	Percent
Department stores	34.6
Drug stores with fountains	23.9
Filling stations	23.8
Auto accessories	23.6
Women's apparel	22.6

The economic contribution of the chain stores is frequently claimed to have been the reduction of the spread between producer and consumer. The coming of the chain store, according to this theory, should have meant decreasing gross margins over the entire period in which they have operated. As a matter of fact, figures for a great many trades collected by the Federal Trade Commission indicate the reverse to have been true. The earliest date for which comprehensive figures were available was 1909. In this year the gross-profit percentages of all chains reporting was 19.9 percent, as against 26.3 percent in 1930. Because of a very limited amount of data for the earlier years a fairer comparison can be made between 1920 and 1930. The percent of gross profit for all chains reporting in 1920 was 23.9.

Although there was no very decided upward trend from that date on the part of chain stores as a whole, such an upward trend is very marked in more than half of the trades reporting. Types of chains showing a definite upward trend since 1920 were grocery, meat, hats and caps, men's and women's ready-to-wear, confectionery, millinery, men's furnishings, men's ready-to-wear, women's ready-to-wear, hardware, men's shoes, men's and women's shoes, dry goods and apparel, and grocery and meat stores. The first five types enumerated show an upward trend in gross profit for earlier years as well. The most striking upward trend is for grocery stores, for which the gross-profit percentage was 8.2 in 1909 and 22.1 in 1930. The grocery field is most frequently pointed to as a line in which the chain store has contributed by the reduction of gross margins.

Three lines—namely, furniture, drugs, and dollar-limit variety stores—show a horizontal trend through a long period of years. The latter two particularly have moved in a very narrow range, with gross margin varying only slightly on each side of 35 percent.

The only lines which show a definite downward trend in gross margins are musical instruments, department stores, tobacco, dry goods, and general merchandise. Musical instruments and tobacco may be looked upon as special cases. The deflation of gross margins in tobacco retailing has largely been due to the price policies and distribution practices of the large manufacturers of cigarettes. The decline of margins in musical instrument stores has resulted to a great degree from the impact of the development of the radio industry.

Other types of stores will be recognized as those which have developed to the highest degree the technique of the special cut-price sale. Department stores show the most consistent downward trend with a gross margin of 35.8 percent in 1911 and 29.8 percent in 1930. Department stores have based their merchandising to a very increasing degree on various types of special sales and anniversary events. On such sales both the manufacturer and retailer accept a lower margin in order to offer particularly attractive prices to the consumer. This decline in department store margins can be looked upon purely as a competitive phenomenon and cannot be expected to produce any benefits for the consumer over the long run. Department store margins have been lower than department store operating costs, in most instances, ever since 1930, which would indicate that margins cannot conceivably remain at their present low levels.

Mr. WEIDEMAN. Mr. Speaker, will the gentleman yield?

Mr. DEEN. I yield.

Mr. WEIDEMAN. In line with the gentleman's general argument the chief difficulty with these chain stores is that they are taking money out of the communities.

Mr. DEEN. Yes.

Mr. WEIDEMAN. Every time you spend a dime in a chain store the profit from that transaction goes right back to Wall Street, does it not?

Mr. DEEN. The gentleman is correct.

Mr. WEIDEMAN. Into the hands of the Mellons and the Morgans. It merely means the accumulating of the money into the hands of a few.

Mr. DEEN. The gentleman is right.

Mr. WEIDEMAN. Every time they get a dollar it goes back to Wall Street, where it gets into the hands of the international bankers, and much of it goes out of the country.

Mr. DEEN. The gentleman is exactly right. It works in the direction of the centralization of wealth into the hands of a few. This policy has been pursued too long already in this country.

Mr. COLMER. Mr. Speaker, will the gentleman yield?

Mr. DEEN. I yield.

Mr. COLMER. Is it not a fact the chain stores are destroying the middle class of people, which has been the backbone of this Nation?

Mr. DEEN. In my judgment, the great middle class, which has supported the institutions of the country, the roads, the schools, the churches, and which have been the backbone of the Nation, is fast being destroyed because of the power of the centralized dollar that is impoverishing millions of the common people of the country.

Mr. ZIONCHECK. Mr. Speaker, will the gentleman yield?

Mr. DEEN. I yield.

Mr. ZIONCHECK. What is the gentleman's remedy for this situation?

Mr. DEEN. I will come to that at the conclusion of my speech.

The chain store does not necessarily lead to the grouping of retail sales in larger units. As a matter of fact, there are a number of lines in which there has been a definite decrease in average sales per store during the period covered. In looking at the period from 1920 to 1930, this sales decrease is particularly marked.

On the other hand, among the seven kinds of chains which show a definite increase in average sales per store, there are several whose percentage of operating cost increased during the same period. This is particularly true of grocery stores, meat stores, and combination stores. Despite the advantage of operation in larger units which, theoretically, should tend toward decreased operating cost, all three of these types, as previously noted, have collected a constantly growing percentage of gross profit from the consumer.

In the years since 1929 chain-store growth in most lines has slowed down or ceased entirely. Growth figures available for these later years are not as comprehensive as those shown by the census for previous years. Types of chains which were still growing very fast in 1929 showed a much slower rate of growth in the 3 succeeding years, and in 1932 closings exceeded openings in many cases. This was true for eight variety chains for which figures are regularly compiled and was, no doubt, true for most of the leading drug chains.

In terms of volume, the downward trend has been even more marked. Volume figures for representative organizations in the field of variety stores, mail-order chains, and restaurant chains show a decline in sales for every year since 1929. In these three groups the sales volume for 1932 ranges between 60 and 75 percent of the sales for 1929. It would appear that the chains in this field have absorbed approximately the same percentage of decline noted in the case of independent dealers. Apparently they were possessed of no particular management skill which enabled them to maintain volume while independents in the same lines were suffering sales declines.

There, no doubt, has been similar, although less marked, declines in the grocery field, although the leading grocery organization showed a slight gain in 1930 over 1929, and receded only slightly in 1931. Between 1931 and 1932, however, this company showed a very marked decline from $1,035,542,000 to $887,713,000. It is not known whether this loss in volume was partly due to the closing of stores in this instance. In the case of the second largest chain in the grocery field, however, a great many individual units were closed during 1932. This is probably true for most of the large organizations in this field as in others.

The chain stores in both the grocery and the drug fields is now forced to compete with a type of price-cutting organization with still more aggressive policies. In the drug field this new price cutter is known as the "pine-board store" while the grocery field has seen the development of huge cut-price markets. Both types of outlets can be considered special products of the depression. The principal saving in operating cost made by such companies is frequently rent free or rent at greatly reduced rates granted them by landlords holding distress property.

Mr. WEIDEMAN. Mr. Speaker, will the gentleman yield further?

Mr. DEEN. I yield.

Mr. WEIDEMAN. In addition to driving down rental values of property constantly, these chain stores, no matter what they are, are constantly driving down the wage scale, are they not?

Mr. DEEN. The gentleman is correct.

Mr WEIDEMAN. Men who used to be independent merchants we now find working as clerks in chain stores at salaries of $10, $12, and $14 a week, do we not?

Mr. DEEN. Yes.

Mr. WEIDEMAN. And in the days of the independent business man, when the little fellow had a store on every corner in your little village and my big town the profit that he derived from the proceeds of his business was in turn spent with the shoemaker, the butcher, the baker, and so forth, in the community and the money stayed right there for redistribution.

If we keep on at the rate we are going, eventually there will not be any little men, because they cannot buy as cheaply as the big chains can. Does not the gentleman agree with my statement?

Mr. DEEN. I agree with the gentleman's statement.

Mr. WEIDEMAN. I think the gentleman and I are pretty well in accord on this proposition.

Mr. DEEN. We are in agreement.

Mr. WEIDEMAN. In addition to that the merchandising operations of the chain store is such that they tell the manufacturers what their goods must be manufactured for, saying to one of them that if he does not meet the price someone else will. So the ill effect of the chain extends throughout the entire range of operations from the factory worker through to the independent business man.

Mr. DEEN. I agree with the gentleman, and my next statement will answer his questions, especially the last one.

Their chief source of saving on the purchase cost of goods has been the desire of many manufacturers to find some sort of outlet for products that would not move through regular channels, even though the merchandise had to be sold at greatly reduced prices. There have been several striking instances of staple products which were ruined by such policies. One manufacturer of an important advertised product found his sales dropping from fourteen million to four million dollars in the space of 18 months because of the lack of a price-stabilization policy. Manufacturers in many lines have awakened to the menace to their position which such practices hold. Chain stores also, finding that they were not able to compete with the new organizations, which now offer the ultimate in price appeal, have become interested in price-stabilization programs. In the drug field, for example, a new organization which has for its central purpose an attempt at price stabilization, is securing the cooperation of not only retailers and wholesalers but of manufacturers and chain stores as well.

A comprehensive report has been made by the Federal Trade Commission on this policy of loss leaders in chain stores which has lead to this situation. In a number of instances chain officials admitted that they had been selling merchandise below cost in order to attract customers who might be sold other items. This policy of offering merchandise at or below purchase price carries with it an element of deception. The intention is usually to limit the sale of leaders by every possible device and to use high-pressure selling to get purchasers to take other merchandise instead. Definite evidence is available in several cases of steps taken to delay the sale of leaders during the sale day by having

too few people at the counter where leaders are displayed, by slowing down wrapping and change-making, and similar devices. There seems to be a growing sentiment in a number of trades that this type of merchandising has about run its course. Consumers are more fully conscious of the trick element in this type of selling and are increasingly insistent upon obtaining precisely the item asked for when responding to a special sale.

Citizens of several of the States in the United States, recognizing the positive need for legislation which would place a proper tax on chain stores, have made a distinct contribution to merchandising policies as related to the home-town merchant and to the buying public in general. Chain stores, with their amassed capital, have forced the commodity price level of agricultural and industrial products to an exceedingly low plane. With their centralized wealth they have hammered down farm products. Through their enormous buying power they have squeezed the very life out of thousands of individual merchants. They have put out of business thousands of the men and women who have built the very towns and communities in which they now operate. Usually they do not enter a town until it is considered modern and progressive. In most cases they do not go to small towns while the schoolhouses are being built, streets and sidewalks are being paved, sewerage systems being installed, and other civic improvements. The local citizens do the work and pay the bills and later find themselves being driven out of business by these very monopolistic chain stores who take the money from the local communities and carry it to the large money centers.

Each of the several States in the United States should expeditiously enact proper legislation that will prevent the stream of money flowing from their local communities to the coffers of money lords. The following States have enacted anti-chain-store taxes:

Alabama: Enacted 1931. A graduated license tax based on number of stores. Applies to both wholesale and retail. Provisions: 1 store, $1; graduated to $75 for each store over 20. Contested, but in force.

Arizona: Enacted January 1, 1932. A graduated license tax based on number of stores. Provisions: 1 store, $3; graduated to $25 for each store over 20. In March 1933 repealed by legislature.

Delaware: Enacted 1917 (ch. 13, Session Laws). A property, nonresidence tax. Provisions: $10, plus 10 cents for each $100 of aggregate cost value of goods in excess of $5,000 for concerns having principal place of business outside the State and maintaining stores or depots within the State. In force.

Florida: Enacted June 24, 1931. A graduated license tax based on number of stores located in one county. Provisions: Where all stores are located in 1 county, 1 store, $5; graduated to $40 for each store over 75; where stores are in more than 1 county, 2 stores, $15 per store; graduated to $50 for each store over 75; $3 for each $1,000 stock carried in each store; counties and towns were allowed to tax in the same way as the State but to only 25 percent of the extent. On March 13, 1933, the United States Supreme Court declared the law unconstitutional.

Georgia: Enacted 1927. A straight license tax. Provisions: For each store over 5, $250. On September 4, 1929 (Corporation Tax Service, Georgia Digest, p. 58N) in F. W. Woolworth against Vandivier the Superior Court of Fulton County made permanent an order restraining the enforcement of the law. Not in force.

Georgia: Enacted 1929. A straight license tax. Provisions: For each store in a chain of more than 5, $50. In Woolworth against Harrison, April 1931, the State court declared the law unconstitutional.

Idaho: Enacted March 1, 1933. A graduated license tax based on number of stores. Provisions: 1 store, $5; graduated to $500 for each store over 20. In force.

Indiana: Enacted 1929. A graduated license tax based on number of stores. Provisions: 1 store, $3; graduated to $25 for each store over 20. Superseded by more severe law 1933.

Indiana: Enacted March 11, 1933. A graduated license tax based on number of stores. Provisions: 1 store, $3; graduated to $150 for each store over 20. In force.

Kentucky: Enacted 1930. A graduated sales tax. Provisions: One twentieth of 1 percent of gross sales of $400,000 or less graduated to 1 percent of gross sales in excess of $1,000,000. In force.

Louisiana: Enacted July 7, 1932. A graduated license tax based on number of stores. Provisions: 2 stores but not exceeding 5 stores, $15 each; graduated to $200 on each store in excess of 50. In force.

Maine: Enacted March 31, 1933. To take effect July 1, 1933. A graduated license tax based on number of stores. Provisions: 1 store, $1; graduated to $50 for each store over 25. In force.

Maryland: Enacted 1927. A graduated license tax on chain stores in Allegany County only. Provisions: $500 for each store up to 5, inclusive; prohibited more than 5 stores of one chain in the county. Circuit Court of Allegany County declared law unconstitutional.

Maryland: Enacted 1933. A graduated license tax based on number of stores. Provisions: 1 to 5 stores, $5 per store; graduated up to $150 for each store over 20. In force.

Minnesota: Enacted 1933. Graduated license tax based on number of stores. Provisions: $5 for each of first 10 stores; graduated to $50 for each store over 50. In force.

Mississippi: Enacted 1930. A sales tax on chain stores. Provisions: To a general sales tax of one fourth of 1 percent for retailers and one eighth of 1 percent for wholesalers is added an extra one fourth of 1 percent for common interest operating more than five stores in the State. By enacting a general sales tax the law was superseded.

Montana: Enacted March 16, 1933, to be effective July 1, 1933. A graduated license tax based on number of stores. Provisions: 1 to 2 stores, $2.50; graduated to $30 for each store over 10. In force.

New Mexico: Enacted March 9, 1933, effective January 1, 1934. A graduated sales tax. Provisions: On annual sales from $3,000 to $10,000, $15; graduating to $25 per $1,000 for all sales over $400,000. In force after January 1, 1934.

North Carolina: Enacted 1927. A license tax on more than five stores. Provisions: If there were more than 5 stores, $50 on each, including the first 5; no tax if there were 5 or less. On October 10, 1928, the State court declared the law unconstitutional.

North Carolina: Enacted 1929. A per-store license tax. Provisions: On each store in excess of one, $50. Upheld by both Supreme Court of North Carolina and the United States Supreme Court on October 26, 1931. In force.

South Carolina: Enacted 1928. A license tax on five or more stores. Provisions: For 5 or more stores, $100 for each store, including the first 4; no tax on 4 or less. Litigated, but by the passage of a more drastic law this one was repealed.

South Carolina: Enacted 1930. A graduated license tax. Provisions: 1 store, $5; graduated to $150 for each store over 30. In force.

Vermont: Enacted March 23, 1933. Graduated gross-sales tax. Provisions: One eighth of 1 percent on gross sales from $50,000 to $100,000, and graduated to 4 percent on sales of over $2,000,000. Effective June 1, 1933. In force.

Virginia: Enacted 1928. Chain-warehouse tax. Taxes purchases. Provisions: $10 on less than $1,000; graduated to 10 cents per $100 on all purchases in excess of $100,000. In force.

West Virginia: Enacted March 17, 1933. Effective June 15, 1933. A graduated license tax. Provisions: 1 store, $2; graduated to $250 for each store over 75. In force.

Wisconsin: Enacted 1932. Automatically expires December 31, 1933. A graduated license tax. Provisions: $10 on each store between 2 and 5, inclusive; graduated to $50 for each store over 20. In force.

MUNICIPAL ANTI-CHAIN-STORE TAXES, MAY 15, 1933

Portland, Oreg.: Enacted fall of 1931. A graduated tax based on number of stores. Provisions: 1 store, $6; graduated to $50 for each store over 20. In force.

Hamtramck, Mich.: Enacted November 10, 1931. A graduated license tax on food chains based on number of stores. Provisions: 1 store, $25; 2 stores, $50 each; 3 stores, $75; and 4 stores, $1,000 each. Circuit Court of Wayne County, Mich., declared the law unconstitutional, null, void.

Durham, N.C.: Enacted July 20, 1931. Flat tax on more than one store. Provisions: 1 store, no tax; $50 for each store in excess of 1. In force.

Red Bank, N.J.: Enacted December 7, 1931. Flat tax where six or more stores are owned by same interest, either in or out of the State. Provisions: $50 for each store if more than five are owned by common interest. By action of city council, repealed.

Knoxville, Tenn.: Enacted September 20, 1932. Flat tax for more than one store. Provisions: For each store in excess of one, $25. In February 1933, by action of the city council, this law was repealed.

Fredericksburg, Va.: Enacted December 13, 1932. A flat tax where more than one store is operated. Provisions: For each store where more than one is operated by the same ownership, $250. In force.

Maplewood, Mo.: Enacted summer of 1932. Graduated license tax based on number of stores. Provisions: 1 store, exempt; 2 stores, $300; 3 stores, $500; over 3, $1,000 each. By action of Circuit Court of St. Louis the act was voided.

St. Louis, Mo.: Enacted June 3, 1932. Graduated license tax based on number of stores. Provisions: 2 to 5 stores, $25 per store; graduated to $250 for each store over 25. Being litigated. In force.

Capital Heights, Md.: Enacted March 28, 1933. Flat tax based on number of stores. Provisions: For each store of a chain, $50. City council repealed.

Aberdeen, Wash.: Enacted January 4, 1933. Flat tax on each unit of a chain store. A chain store is defined as a store owned and operated by a nonresident of the city, the owner thereof operating one or more units in addition thereto outside the city of Aberdeen. Provisions: $100 per store for a chain. In force.

STATES AND CITIES WHICH ENACTED ANTICHAIN TAX LAWS PRIOR TO MAY 15, 1933

The following 17 States have antichain tax laws: Alabama, Delaware, Idaho, Indiana, Kentucky, Louisiana, Maine, Maryland, Minnesota, Mississippi, Montana, New Mexico, North Carolina, South Carolina, Vermont, Virginia, West Virginia, and Wisconsin.

The following four States have had, but no longer have, antichain tax laws: Arizona, Georgia, Florida, and Mississippi.

The following five cities have antichain tax ordinances: Porland, Oreg.; Durham, N.C.; Fredericksburg, Va.; St. Louis, Mo.; and Aberdeen, Wash.

The following five cities have had, but no longer have, antichain tax ordinances: Hamtramck, Mich.; Red Bank, N.J.; Knoxville, Tenn.; Maplewood, Mo.; and Capital Heights, Md.

Mr. Speaker, I believe the question of the chain-store tax should be left to the several States; in addition to this fact I also believe that sales taxes are within the province of the States. In my judgment, the Federal Government should leave the sales tax to the various States in the United States. The powers of the Federal Government are powers which have been delegated by the various States. Several of the States have already enacted a sales tax. It seems to me that for the Federal Government to continue the policy of a sales tax is further encroachment upon State rights.

The Ways and Means Committee of the House is now engaged in trying to find some method of raising $3,000,000,000 for the purpose of carrying out the President's public-works program. Serious consideration is being given a general sales tax which, in my judgment, if enacted into law, will yield very little revenue and at the same time will paralyze business, increase the burdens of the buying public, while at the same time millions of people will remain unemployed. The common people of this country cannot stand any more taxes now. They will rebel if the load is increased.

Serious consideration is being given a bond issue of $3,000,000,000 with which to raise the funds. A bond issue means more debt and more taxes. It also means that we will again flood the country with tax-exempt securities. The rich people will buy these securities, which the Government will guarantee at about 4 percent interest. The masses will have to pay the taxes and the interest. I am constitutionally opposed to any further bond issues. The Federal Government has outstanding bonds and other liabilities totaling around $20,000,000,000. This is no time to increase this huge debt. I am also opposed to the Federal Government putting on a general sales tax, because it will be passed on to the consumer.

Briefly, the President can secure this money by one or both of the following methods: First, under the recent act passed by Congress giving the President authority and power to expand the currency $3,000,000,000 he can authorize the printing of $3,000,000,000 in new currency and put that currency in circulation by giving employment to the unemployed in the construction of useful public works. He has that power, given him recently by the Congress. Why not use it? This is the proper course for the President to follow. It will be a tragic mistake to adopt a sales tax or to issue more bonds. An individual cannot tax himself out of debt, neither can a nation. The other method that should be pursued is to increase the inheritance tax, the gift tax, the excise tax, and surtaxes. Three hundred and seventy-six thousand corporations now have a surplus of $60,000,000. From January 1, 1916, to December 31, 1929, these corporations made net profits of $100,000,000,000. A substantial increase in the taxes on a few of the corporations who made their millions during and following the World War will raise several billion dollars. The disabled American veterans, their widows and orphans, millions of unemployed, and the masses of farmers and laboring people along with their dependents are pleading for justice. It is my hope that this Congress will not increase the bonded indebtedness on the Nation, will not paralyze business and crush overburdened taxpayers with a sales tax, but that we will have the courage to place the proper taxes where they belong—that is, on gifts, inheritances, excess profits, and certain corporations who are paying exorbitant and extravagant salaries to their executives and declaring millions in dividends. Let us be honest and call a sword a sword and a spade a spade. Let us legislate for the masses and not for the classes.

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to extend my remarks which I made today and to insert therein certain excerpts from committee reports that I mentioned.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BLACK. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BLACK. Mr. Speaker, some time ago I addressed a letter to the Secretary of State and the Attorney General in an effort to find out who was responsible in their Departments for telling the Committee on the Judiciary that the Secretary of State and the Attorney General endorsed the bill that was finally passed in the House and which has been known as "the press censorship bill." This bill, as soon as it was passed by the House on the strength of the statement that it came from these Departments, was repudiated by the Secretary of State and the Attorney General.

The Secretary of State answered my letter. The Attorney General, although the letter was written over a month ago, has not answered it.

It is true that because of the emergency the House has been going along at great speed, which, of course, required

that the House abridge the individual rights of the Members of the House. A great number of the Members are reconciled to this; but because of the way the House treats its own Members does not mean there is any abridgement of the courtesy that should exist between the executive departments and the Congress. This is the first time in my career as a Member of the Congress that the head of a department has refused to answer a letter.

This bill has been completely changed in the Senate, but it left the Members of the House who voted for it in the position of having voted in these free United States for a law involving press censorship, and I believe it is the duty of the Secretary of State and the Attorney General to tell the House and the public who in their Departments were responsible for misleading the House.

The House is entitled to this information. The Secretary of State's letter was long and rambling and statesmanlike. It did not say anything and it did not give me the name of the man in the State Department who misled the House; but the Attorney General has not answered at all.

What can I do about it? You cannot force them to answer. I could write the President of the United States a letter and see if he could make them answer, but I do not want to do this. I do not want to embarrass the President. So I am making this protest on the floor of the House so it will not happen again.

Now, why has he not answered this letter? It is one of three reasons, and I prefer to believe that the first one is the correct one. It is either lack of courtesy or it is inefficiency in his Department or it is concealment. I prefer to believe it is lack of courtesy; lack of courtesy not to me personally, but in my official capacity as a Member of the Congress.

It is true that the country generally believes that the Congress has sunk to a low estate as compared with the executive departments, but this is because of the artificial system which prevails now because of the speed required.

If it is inefficiency, it is this kind of inefficiency: Here is the head of a department charged with the investigation and prosecution of crime. If the head of the Department cannot find out who in his Department used his name wrongfully before a committee of the House, how is he going to find the ordinary criminal?

If it is concealment, why the concealment? And there is every indication that it is concealment, because the letter of the Secretary of State to me was evasive and concealing.

We should know in this House who is responsible for putting over this proposition on the House. Why did somebody in the executive branch of the Government want press censorship? Who suggested it? Where did it come from? What is the purpose of it? Why was the House left in this position?

It is a dangerous thing in this country, if there is lurking in the mind of anybody in the executive branch of Government the idea that there should be press censorship. We have heard a lot about dictatorship; we have heard a lot about Congress surrendering its rights, which is bad enough; but if there is in the brains of anybody in the executive branch of Government the idea that in addition to this so-called "dictatorship" there should also be press censorship, then I say the freedom of this country is in danger, and we should know whether it was carelessness, whether it was neglect, or whether it was actually the purpose of somebody in the executive departments that this House should pass a press-censorship law.

As I have said, there is nothing I can do about it except to leave it to the House and the committee, but I am going to go as far as I can. [Applause.]

[Here the gavel fell.]

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill, H.R. 5390, entitled "An act making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes."

Mr. FORD. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection?

There was no objection.

AMERICA'S MORAL LEADERSHIP

Mr. FORD. Mr. Speaker, one of the tragedies of this distressing period through which the world is passing is the apparent inability of the present rulers of Germany to realize that racial hates and religious bigotry are the demoralizing and destructive indications of a national hysteria, similar to that which plunged the world into a bloody, useless, and insane war in 1914.

The people of Germany have suffered deeply from foolish and vain leadership. It was this that made them a military nation in 1914, with the one idea of winning what they were taught to think was their just place "under the sun." And it is an equally false leadership that now decrees that all sorts of injustices be visited on the Jews in Germany. Many of these Jews have been German citizens for generations; have been law-abiding, industrious, respected members of their communities. And now, without reason and without justification, they are subjected to every sort of indignity and worse.

This has caused a wave of horror to sweep through all just countries. It has been particularly strong in our own country. And this is right and natural. For a country dedicated to religious freedom and racial equality must voice its protest when those sacred principles are violated as they are now being violated under Hitler in Germany.

While every man and woman who loves justice must be revolted by the treatment of the Jews in Germany, each account of that treatment comes like a sword thrust in the heart of our Jewish citizens. For many of these have relatives there. And each morning they awake to the fear that the day may bring to them news of new calamities that have been visited upon an aged mother, a long-respected father, or to other dear ones.

It is because of this that I am voicing my protest here. But I have something other than a protest to offer. And that is an assurance to the many thousands of Jewish people who are living under direct anxiety as to the fate of their relatives in Germany. That assurance is that they can have faith in the State Department, which is informed as to the facts, is enlightened and liberal, and can be trusted to make such representations to the Hitler government as are in accord with diplomatic usage. That Hitler will listen and will change his policy is my firm belief.

And this belief is based on the fact that under the virile and enlightened Presidency of Franklin D. Roosevelt the United States is winning the respect and confidence of the nations and is taking world leadership in moral as well as economic issues. [Applause.]

LEAVE OF ABSENCE

By unanimous consent, the following leave of absence was granted, as follows:

To Mr. HAMILTON, for 5 days, on account of important business; and

To Mr. ADAMS, for 2 days, on account of important official business.

SENATE ENROLLED JOINT RESOLUTION SIGNED

The SPEAKER announced his signature to an enrolled joint resolution of the Senate of the following title:

S.J.Res. 50. Joint resolution designating May 22 as National Maritime Day.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on May 18, 1933, present to the President for his approval a bill of the House of the following title:

H.R. 5081. An act to improve the navigability and to provide for the flood control of the Tennessee River; to provide for reforestation and the proper use of marginal lands in

the Tennessee Valley; to provide for the agricultural and industrial development of said valley; to provide for the national defense by the creation of a corporation for the operation of Government properties at and near Muscle Shoals in the State of Alabama, and for other purposes.

ADJOURNMENT

Mr. ARNOLD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock p.m.) the House, under its previous order, adjourned until 11 o'clock a.m. tomorrow, Saturday, May 20, 1933.

COMMITTEE MEETING

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Monday, May 22, 10 a.m.)

Continuation of the hearings on H.R. 5500, Emergency Transportation Act, 1933.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

74. A letter from the chairman of the Public Utilities Commission of the District of Columbia, transmitting a proposed act to amend an act entitled "An act to provide for the expenses of the Government of the District of Columbia for the fiscal year ending June 30, 1914", and for other purposes; to the Committee on the District of Columbia.

75. A letter from the Governor of the Federal Reserve Board, transmitting the Nineteenth Annual Report, covering operations during the calendar year 1932 (H.Doc.No. 437); to the Committee on Banking and Currency and ordered to be printed, with illustrations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. LAMBETH: Committee on Printing. House Resolution 140. Resolution to authorize the printing of communications from the Secretary of War transmitting letters of the Chief of Engineers submitting reports on the examination and survey of certain waterways in the United States; without amendment (Rept. No. 146). Referred to the House Calendar.

Mr. FLANNAGAN: Committee on Agriculture. H.R. 4812. A bill to promote the foreign trade of the United States in apples and/or pears, to protect the reputation of American-grown apples and pears in foreign markets, to prevent deception or misrepresentation as to the quality of such products moving in foreign commerce, to provide for the commercial inspection of such products entering such commerce, and for other purposes; with amendment (Rept. No. 147). Referred to the Committee of the Whole House on the state of the Union.

Mr. POU: Committee on Rules. House Resolution 149. Resolution providing for the consideration of House Joint Resolution 149, a joint resolution authorizing an annual appropriation for the expenses of participation by the United States in the International Institute of Agriculture at Rome, Italy; without amendment (Rept. No. 148). Referred to the House Calendar.

Mr. POU: Committee on Rules. House Resolution 150. Resolution providing for the consideration of H.R. 5661, a bill to provide for the safer and more effective use of the assets of banks, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes; without amendment (Rept. No. 149). Referred to the House Calendar.

Mr. STEAGALL: Committee on Banking and Currency. H.R. 5661. A bill to provide for the safer and more effective use of the assets of banks, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes; without amendment (Rept. No. 150). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROBINSON: Committee on the Public Lands. S. 157. An act to amend an act approved March 4, 1929 (45 Stat. 1548), entitled "An act to supplement the last three paragraphs of section 5 of the act of March 4, 1915 (38 Stat. 1161), as amended by the act of March 21, 1918 (40 Stat. 458)"; without amendment (Rept. No. 151). Referred to the Committee of the Whole House on the state of the Union.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Interstate and Foreign Commerce was discharged from the consideration of the bill (S. 804) to authorize the Secretary of War to grant a right of way to The Dalles Bridge Co., and the same was referred to the Committee on Military Affairs.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. HASTINGS: A bill (H.R. 5690) to legalize the manufacture, sale, or possession of 3.2 percent beer in the State of Oklahoma when and if the same is legalized by a majority vote of the people of Oklahoma or by an act of the Legislature of the State of Oklahoma; to the Committee on the Judiciary.

By Mr. GASQUE: A bill (H.R. 5691) to authorize the Attorney General of the United States to compromise war-risk-insurance cases; to the Committee on the Judiciary.

By Mr. WILSON: A bill (H.R. 5692) to amend the act entitled "An act for the control of floods on the Mississippi River and its tributaries, and for other purposes", approved May 15, 1928, as amended; to the Committee on Flood Control.

By Mr. PETERSON: A bill (H.R. 5693) enabling certain farmers and fruit growers to receive the benefits of the Federal Farm Loan Act and amendments thereto and the Emergency Farm Mortgage Act of 1933; to the Committee on Banking and Currency.

By Mr. DUNN: A bill (H.R. 5694) to create a Bureau of the Blind in the Post Office Department, to provide for the issuing of licenses to blind persons to operate stands in Federal buildings, and for other purposes; to the Committee on the Post Office and Post Roads.

By Mr. MARLAND: A bill (H.R. 5695) to preserve and protect the correlative rights of the oil-producing States; to assist them in the proper enforcement of their oil conservation laws; to assure the conservation of crude petroleum and natural gas and to preserve the same as national resources, and to regulate the transportation and sale in interstate and foreign commerce of natural gas, crude petroleum, and the products thereof; to prevent waste in the production, marketing, and use of such natural gas and petroleum; to invest the Secretary of the Interior with power to carry out this act, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. HOWARD: A bill (H.R. 5696) to provide for the exchange of Indian and privately owned lands, Fort Mojave Indian Reservation, Ariz.; to the Committee on Indian Affairs.

By Mr. BUCKBEE: A bill (H.R. 5697) to prohibit untrue, deceptive, or misleading advertising through the use of the mails or in interstate or foreign commerce; to the Committee on Interstate and Foreign Commerce.

By Mr. CROSS: A bill (H.R. 5698) to give to Congress the power to regulate boards of trade, stock and commodity exchanges by denying to any such organization the use of the United States mails and/or any other means of communication in sending or receiving any message or messages in the transaction of such business, crossing a State line, unless such an organization shall obtain a charter from Congress to engage in such business; to the Committee on the Judiciary.

By Mr. POU: Resolution (H.Res. 149) providing for the consideration of House Joint Resolution 149, a joint resolution authorizing an annual appropriation for the expenses of participation by the United States in the International

Institute of Agriculture at Rome, Italy; to the Committee on Rules.

Also, resolution (H.Res. 150) providing for the consideration of H.R. 5661, a bill to provide for the safer and more effective use of the assets of banks, to regulate interbank control, to prevent the undue diversions of funds into speculative operations, and for other purposes; to the Committee on Rules.

By Mr. McFADDEN: Resolution (H.Res. 151) to request certain information from the Secretary of the Treasury; to the Committee on Ways and Means.

By Mr. McSWAIN: Resolution (H.Res. 152) for consideration of H.R. 5645; to the Committee on Rules.

By Mr. BOYLAN: Resolution (H.Res. 153) appointing a committee of five Members of the House of Representatives by the Speaker to work with the delegates appointed by the President to the international conference for the purpose of stabilization of international exchanges; to the Committee on Rules.

By Mr. GRIFFIN: Joint resolution (H.J.Res. 186) to raise additional revenue by reinstating the income-tax rates for individuals and corporations in force prior to the enactment of the Revenue Act of 1932, and, in place of the increases provided by said Revenue Act of 1932, to provide a special income tax of 1 cent on each dollar of gross income for the calendar years of 1933, 1934, and 1935; to the Committee on Ways and Means.

By Mr. RAYBURN: Joint resolution (H.J.Res. 187) directing the Interstate Commerce Commission to conduct an investigation with regard to matters related to the transportation by pipe line of petroleum and its liquid products; to the Committee on Interstate and Foreign Commerce.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Illinois, memorializing Congress to retain the United States veterans' hospital at Dwight, Ill.; to the Committee on World War Veterans' Legislation.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. AYRES of Kansas: A bill (H.R. 5699) granting a pension to Millard C. Helm; to the Committee on Pensions.

By Mr. BEAM: A bill (H.R. 5700) to amend the act entitled "An act to recognize the high public service rendered by Maj. Walter Reed and those associated with him in the discovery of the cause and means of transmission of yellow fever", approved February 28, 1929, by including therein the name of Gustaf E. Lambert; to the Committee on Military Affairs.

Also, a bill (H.R. 5701) for the relief of Stanley T. Gross; to the Committee on Claims.

By Mr. DICKINSON: A bill (H.R. 5702) granting an increase of pension to Sophia C. Dunlap; to the Committee on Invalid Pensions.

By Mr. DIMOND: A bill (H.R. 5703) to authorize the waiver or remission of certain coal-lease rentals, and for other purposes; to the Committee on Claims.

Also, a bill (H.R. 5704) to extend the provisions of the act of Congress approved September 7, 1916, entitled "An act to provide compensation for employees of the United States receiving injuries in the performance of their duties, and for other purposes", to Frank A. Boyle; to the Committee on Claims.

By Mr. DOBBINS: A bill (H.R. 5705) granting a pension to Catherine E. Burke; to the Committee on Pensions.

By Mr. JOHNSON of West Virginia: A bill (H.R. 5706) for the relief of the Graham-Bumgarner Co., of Parkersburg, W.Va.; to the Committee on Claims.

Also, a bill (H.R. 5707) granting an increase of pension to Mary E. Pritchard; to the Committee on Invalid Pensions.

By Mr. McSWAIN: A bill (H.R. 5708) for the relief of the Gospel Mission of Washington, D.C.; to the Committee on Claims.

By Mr. MULDOWNEY: A bill (H.R. 5709) for the relief of Miles Thomas Barrett; to the Committee on Claims.

By Mr. UNDERWOOD: A bill (H.R. 5710) granting a pension to Mary Emma Bussard; to the Committee on Invalid Pensions.

By Mr. WALDRON: A bill (H.R. 5711) for the relief of Pete Ernest Simon; to the Committee on Naval Affairs.

By Mr. WEST of Ohio: A bill (H.R. 5712) for the relief of Milton M. Simpkins; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1098. By Mr. BOILEAU: Petition signed by a committee representing the Jewish people of Wausau, Wis., protesting against the treatment of Jews in Germany; to the Committee on Foreign Affairs.

1099. By Mr. CHAPMAN: Resolution of the Chamber of Commerce, Danville, Ky., urging official designation by the United States Government of the William Howard Taft Highway, running from Sault Ste. Marie, Mich., to Fort Myers, Fla., which has been officially designated by the States through which it passes, namely, Michigan, Ohio, Kentucky, Tennessee, Georgia, and Florida; to the Committee on Roads.

1100. By Mr. CULLEN: Petition of the Pennsylvania State Hotel Association, endorsing House bill No. 5157, appropriation of $300,000,000 for Federal highway construction, sponsored by the Honorable CLYDE M. KELLY; to the Committee on Roads.

1101. Also, petition of the Order of Railroad Telegraphers, opposing the enactment of the said Emergency Railroad Transportation Act, 1933, unless the amendments thereto as proposed and presented to the Senate and House Committees on Interstate Commerce by organized railway labor are incorporated therein; to the Committee on Interstate and Foreign Commerce.

1102. By Mr. GOODWIN: Petition signed by citizens of Livingston Manor, Sullivan County, New York State, submitted in behalf of the congregation of Agudos Achim Synagogue and the Livingston Manor Hotelmen Association, protesting against the barbarities visited by the Hitler regime upon the Jews in Germany; to the Committee on Foreign Affairs.

1103. By Mr. HANCOCK of New York: Petitions of Onondaga Lodge, No. 252, Brotherhood of Railway and Steamship Clerks, Syracuse, N.Y., opposing House bill 5500; to the Committee on Interstate and Foreign Commerce.

1104. By Mr. HOEPPEL: Petition of I. Irving Lipsitch, secretary, Los Angeles Citizens Committee for Justice to the Jews in Germany, and executive director of the Federation of Jewish Welfare Organizations of Los Angeles, expressing protests of organizations against the Nazi program affecting the Jews in Germany, and urging a restoration to citizens of all faiths of complete equality of rights; to the Committee on Foreign Affairs.

1105. By Mr. LINDSAY: Petition of Ignace Wnukowski, financial secretary of the George Washington Post, No. 3, Polish Legion of American Veterans, Brooklyn, N.Y., urging continuance of the present Government hospitals; to the Committee on World War Veterans Legislation.

1106. Also, petition of the New York Board of Trade, Inc., New York City, opposing the St. Lawrence Waterway; to the Committee on Interstate and Foreign Commerce.

1107. Also, petition of New York Board of Trade, Inc., New York City, concerning revisement of the Black bill; to the Committee on Labor.

1108. Also, petition of the Order of Railroad Telegraphers, St. Louis, Mo., opposing the Emergency Railroad Transportation Act, 1933; to the Committee on Interstate and Foreign Commerce.

1109. Also, petition of Industrial Council of Cloak, Suit and Skirt Manufacturers, Inc., Leo A. Del Monte, president, New York City, favoring the President's national industrial recovery act; to the Committee on Ways and Means.

1110. Also, petition of Melchior, Armstrong, Dessau Co., New York City, concerning House bill 5480, the securities bill; to the Committee on Banking and Currency.

1111. Also, petition of machine stone workers, rubbers, and helpers of New York and vicinity, Local No. 5, New York City, urging the Federal Government to use stone fabricated in the Metropolitan district in the erection of Federal buildings; to the Committee on Public Buildings and Grounds.

1112. Also, petition of C. D. Mallory & Co., Inc., favoring the passage of House bill 4871 as an amendment to House bill 5040; to the Committee on Ways and Means.

1113. By Mr. MARTIN of Massachusetts: Petition of Aaron Solotist and other citizens of Fall River, Mass., protesting against the persecution of Jews in Germany, and requesting intercession by the Government of the United States; to the Committee on Foreign Affairs.

1114. By Mr. RUDD: Petition of Industrial Council of Cloak, Suit and Skirt Manufacturers, Inc., New York City, favoring President Roosevelt's national industrial recovery act; to the Committee on Ways and Means.

1115. Also, petition of machine stone workers, rubbers, and helpers of New York and vicinity, Local No. 5, New York City, favoring a Government building program to relieve unemployment; to the Committee on Ways and Means.

1116. Also, petition of C. D. Mallory & Co., New York City, favoring the passage of House bill 5040 as amended by the Senate; to the Committee on Ways and Means.

1117. Also, petition of Melchior, Armstrong, Dessau Co., New York City, favoring the enactment of the securities bill with certain amendments; to the Committee on Interstate and Foreign Commerce.

1118. By Mr. SUTPHIN: Petition of Pride of Monmouth Council, No. 27, Sons and Daughters of Liberty, urging immediate passage of House bill 4114; to the Committee on Immigration and Naturalization.

1119. Also, petition of Pride of Mechanics Home Council, No. 61, Sons and Daughters of Liberty, of Jamesburg, N.J., urging immediate passage of House bill 4114; to the Committee on Immigration and Naturalization.

1120. By Mr. WIGGLESWORTH: Petition of the mayor and City Council of Brockton, Commonwealth of Massachusetts, favoring a study of the entire matter of veterans' legislation in the hope that such study will bring a favorable adjustment, to the end that no veteran suffering from a disability incurred in line of duty while in the active military and naval service of the United States shall be called upon to bear a greater sacrifice than other classes of the American public, bearing in mind the hardships and tribulations that they endured during the period of war; to the Committee on Ways and Means.

1121. By Mr. WOLVERTON: Petition of Jewish residents of Collingswood, N.J., protesting against the treatment given the Jewish people in Germany; to the Committee on Foreign Affairs.

1122. By the SPEAKER: Petition of the city of Two Rivers, Wis., pertaining to the issuance of national currency to municipalities on the pledge of their bonds; to the Committee on Banking and Currency.

1123. Also, petition of the citizens of Washington, D.C., having no direct representation in the matter, earnestly petitioning their Representatives in Congress not to pass the increased tax assessments again recommended by the Mapes legislative committee, increasing levies on real estate, corporations, inheritances, automobiles, gasoline, etc., nor to reduce the Federal lump-sum appropriation, because we believe that any additional tax burdens just at this time would be a discouragement to business in general in the District of Columbia; to the Committee on the District of Columbia.

SENATE

SATURDAY, MAY 20, 1933

(Legislative day of Monday, May 15, 1933)

The Senate sitting as a court for the trial of articles of impeachment against Harold Louderback, judge of the United States District Court for the Northern District of California, met at 10 o'clock a.m., on the expiration of the recess.

The managers on the part of the House of Representatives appeared in the seats provided for them.

The respondent, Harold Louderback, with his counsel, Walter H. Linforth, Esq., and James M. Hanley, Esq., appeared in the seats assigned to them.

PROCLAMATION

The VICE PRESIDENT. The Sergeant at Arms will proclaim the Senate sitting as a Court of Impeachment in session.

The Sergeant at Arms made the usual proclamation.

THE JOURNAL

On motion of Mr. ASHURST, and by unanimous consent, the reading of the Journal of the Senate sitting as a Court of Impeachment for the calendar day of May 19 was dispensed with, and the Journal was approved.

The VICE PRESIDENT. What witness do counsel for the respondent desire to call?

Mr. LINFORTH. The witness Hunter was on the stand.

The VICE PRESIDENT. Call the witness. Has the witness been sworn?

Mr. Manager BROWNING. Yes, sir.

CROSS-EXAMINATION OF H. B. HUNTER (CONTINUED)

H. B. Hunter, having been previously sworn, was cross-examined further, and testified as follows:

By Mr. Manager BROWNING:

Q. Mr. Hunter, what was the total amount of money that you collected in the Russell-Colvin estate as receiver?—A. There was over $3,000,000 of assets.

Mr. Manager BROWNING. Mr. President, I object to the witness' not responding to the question, and I ask that the reporter read it to him.

The VICE PRESIDENT. The witness will answer directly the question according to the information he has.

The WITNESS. In my opinion, there was over a million dollars collected for the estate in the way of the collection of accounts—cash, selling securities, credits on indebtedness, and so forth.

Q. Do you mean to tell me, in answer to my question, that you collected over $1,000,000 of money as receiver? Answer, yes or no.—A. No; not in money.

Q. Then tell me the amount of money that you collected.—A. I think in the neighborhood of $500,000.

Q. Now, what came into your hands in the form of securities, and how much which was not money but securities?—A. There was over a million and a half dollars of securities that were in the estate, which were partially liquidated or sold to satisfy indebtedness due by the estate to the extent of $500,000, and also additional amounts were sold to satisfy the overborrowing of the partnership on customers' securities, which would leave about some $800,000 to $900,000.

Q. I will ask you again to state, not including money, which you state was $500,000, but the securities alone that came into your possession as receiver for distribution to the owners?—A. I say it was around $500,000.

Q. You recall the filing of a petition to put the concern into bankruptcy after the appointment of a receiver?—A. I am not familiar with the petition; no.

Q. You know it was filed?—A. Oh, yes.

Q. What class of claims was it that was represented in the petition? Was that what was known as the Sanderson claim?—A. If I may correct you, it was the Sendermen case. I do not think there was a claim filed in the Sendermen case.